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Final Edition ESTABLISHED OVER 100 YEARS In 2 Sections—Section 1

The COMMERCIAL and FINANCIAL CHRONICLE

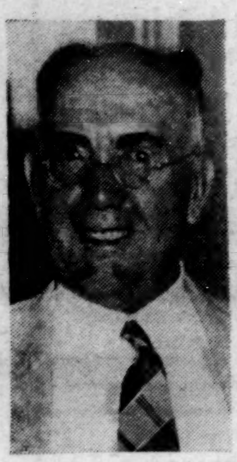
Reg. U. S. Pat. Office

Volume 161 Number 4386 New York, N. Y., Thursday, May 17, 1945 Price 60 Cents a Copy

No Amendments to The Bretton Woods Agreements: Spence

Chairman of House Banking and Currency Committee Tells "Chronicle" Representative That He Is Opposed to Altering Documents. Says Any Important Change May Necessitate Another International Conference. Holds Adjustments Can Be Arrived at After Plan Is Put Into Operation and Calls for Speed in Adoption if Whole Plan Is Not to Lapse.

WASHINGTON, May 16—Representative Brent Spence (D.), Kentucky, Chairman of the House Banking and Currency Committee, which has under consideration HR 2211, the measure that would give Congressional approval to the Bretton Woods Agreements, has informed our correspondent that, in his opinion, the bill will be presented to Congress without any material changes.



Rep. Brent Spence

This statement was made after certain members of the House

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Index of Regular Features on page 2196.

The Outlook for Utility Stocks

By OWEN ELY

Utility Securities Expert Traces the Market Trends and Actions of Utility Stocks and Notes That the Recent Advances Have Attracted a Large Market Following in the "Mystery" and Junior Shares of Holding Companies. Points Out Risks in These Issues and Holds That Major Determinant in the Future Trend of Utility Stocks of All Categories Will Be the Average Yield of the High Grade Issues. Sees a Narrowing of the Spread Between the High Grade Bond Yields and the Yields on Preferred and Common Stocks, and Concludes That There Are Legitimate Opportunities for Further Price Appreciations.

During the 1920's fortunes were made in utility securities. Over a period of years American Water Works advanced from 3 to 199, Federal Light & Traction from 5 to 109, Kentucky Securities from 5 to 225, Middle West Utilities from 11 to 180, Massachusetts Lighting from 8 to 159. Allowing for split-ups, Cities Service common advanced from 5 in 1921 to 68½ in 1929 (equivalent to 685 on the present basis). Records are not readily available for many low-priced stocks and warrants which doubtless had even larger gains. Standard & Poor's index of holding company stocks advanced from 35 in 1920 to 834 in 1929, a level about 24 times as high; the operating company index was content with an advance from 45 to 396, or slightly under 9 times.

Owen Ely

In the drastic deflation period of 1929-32 the holding company average dropped to 66 and in 1935, when the Holding Company Act was passed, it dropped to 47; again in 1942, when a combination of "death sentences" and

(Continued on page 2180)

Scope of Economic and Social Council Discussed at San Francisco

By A. WILFRED MAY

Special Correspondent of the Commercial and Financial Chronicle

Handling of Problems Not Settled. Regional Arrangements Held Secure, but New World CIO-Soviet Trade Union Congress Rebuffed. Additional Boosts Given to Economic and Social Council, but Status of Special Interests in Its Organization Not Settled. Much of Organization and Work of Old League of Nations May Be Taken Over by New World Organization.

A. Wilfred May

SAN FRANCISCO, CAL., May 16—Secretary Stettinius' statement of yesterday assuring the wartime continuance of lend-lease supplies to our allies, brings to the fore our prospective international relief program and policies. . . .

Lend-lease will continue to be administered entirely by the Foreign Economic Administration, with supplies to western Europe, all being sent pursuant to special agreements. . . .

* * *

Discussion with American and foreign officials here underlines the urgency and size of the post-war relief job needed from this country, and indicates that it will be administered wholly outside of the new international organization. . . . In the first place, the foreign needs are pressing, whereas one or two years will elapse before the World Organization functions; and, in the second place, the new Economic Council will confine itself to policymaking rather than to administrative operations. . . . It is expected that the job wil be done by UNRRA—an international agency—and by the various United States agencies, such

(Continued on page 2192)

Democratic Party's Business Policy

By ROBERT E. HANNEGAN*
Postmaster General of the United States
Chairman, Democratic National Committee

New Cabinet Member and Chairman of Democratic Party Organization Asserts That the Present Administration Is Ready and Eager to Work With Business. Says Unlike in Crisis of 1933 "No Strong Medicine" Will Be Needed to Restore Normal Economic Conditions and That the Role of Government Will Be Toward Cooperation and Away From Control. Hopes Condition Will Enable Government to Draw a Line Limiting Its Own Activities and Risk Capital Investment Encouraged. Says Administration Policy Is to Seek Aid and Cooperation of Business.

To me, this gathering affords a special pleasure—the opportunity to appear before a group truly typifying the best in American business, and of extending to such a group the greetings of the party that represents the best in American politics.

And if that is a "plug"—in the language of advertising—then it is a plug for both sides.

Robert E. Hannegan

As a matter of fact, that is exactly what I have come here to do—to let you know that the Democratic Party and the Democratic Administration are ready and eager to work with the business men of this country in making the readjustments that lie ahead of us.

I think most of us know and agree that in the months and

---

*Address of Mr. Hannegan before Advertising Club of Washington, D. C., May 15, 1945.

(Continued on page 2188)

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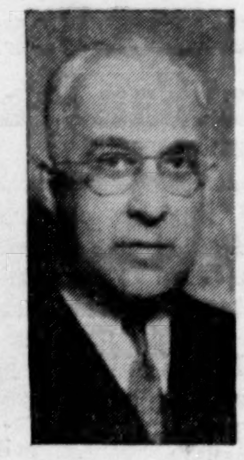
Proposed Missouri Valley Authority

By ERNEST R. ABRAMS

Writer Recounts Story of the Proposed Missouri Valley Authority Leading Up to the Introduction of Senator Murray's Bill in the Present Congress. Notes Strenuous Opposition to and Conflict Over the Measure by State and Local Authorities Comprised in the Area, Arising From (1) the Economic Diversities in so Large a Region and (2) the Fear of Federal Encroachment. Opposition Has Also Been Expressed by the Army Engineers and the Bureau of Reclamation. Holds Passage of Bill Will Lead to Other Projects on Large Scale and Cause Heavy Financial Burden on Treasury as Well as Being a "Milestone Along the Celebrated Road to Serfdom."


Ernest R. Abrams

Although the Senate Commerce Committee declined on May 7 to approve the Murray Bill—S. 555—which would have established a Missouri Valley Authority, that proposal is far from dead. When the then President of the Senate—now President Truman—referred it to the ultra-conservative Senate Commerce Committee, Senator Murray raised quite a fuss. As a result, a compromise was reached under which the bill was referred to the Senate Commerce Committee for 60 days, to the Senate Committee on Irrigation for a like period, and to the Senate Agricultural Committee for another 60 days. Rejection of the proposal by the Commerce Committee was in the cards, and not only explains Senator Murray's protest against its original assignment, but accounts in large measure for the compromise arrangement of sending the bill to two friendly Senate committees. Again, both the Murray bill and a proposal for a Missouri Valley Authority are far from dead.

When General Pick, now engaged in building the Ledo-Stillwell Road in Burma, was in charge of development work on the Missouri River for the Army Engineers in 1934, he prepared a 1245-page comprehensive plan for river development which was concerned mainly with navigation improvement and flood control on the main stem of the stream from Sioux City, Iowa, to its confluence with the Mississippi, near Alton, Illinois. Since this plan did not propose sufficient irrigation and power development

(Continued on page 2177)

Arthur Karr V.-P. of Van Denburgh & Karr

LOS ANGELES, CALIF. — Arthur C. Karr has been elected a vice-president of Van Denburgh & Bruce, Inc. and the firm name has been changed to Van Denburgh & Karr, Inc. Offices are at 523 West Sixth Street.

Officers of the firm are A. S. Van Denburgh, president; Mr. Karr, vice-president, M. A. Paul, secretary, and Douglas Bruce a director.

Change in the firm's name was previously reported in the Financial Chronicle of April 26th.

Bretton Woods Plan Will Foster Foreign Totalitarianism

By V. ORVAL WATTS*

Economic Counsel, Los Angeles Chamber of Commerce

Pacific Coast Economist Tells House Committee That Under the Proposed Monetary Fund, Foreign Nations Will Be Encouraged to Run Up Deficits by Their Ability to Borrow U. S. Dollars and Thus Lead to Defaults as After Last War. Predicts Renewal of Exchange Restrictions to Conceal Domestic Currency Depreciation, Unless Nations Live Within Their Means, and Asserts That Privilege Given to Borrow From the Fund and the Bank Will Encourage Deficit Spending and Encourage Totalitarianism.

Dr. V. Orval Watts

I should like to say that I am most strongly in favor of the stated objectives of the Bretton Woods Agreements—international cooperation, exchange stability, trade expansion, elimination of restrictions on enterprise, reconstruction, and so on.

Certainly, the Los Angeles Chamber of Commerce is vitally interested in promoting such objectives. The members and directors of our organization realize that their prosperity will be directly affected by the future development of international cooperation and world trade, and it is for that reason that I am appearing before you today. After careful study our board of directors voted to oppose the bills, including H.R. 2211, now before the Congress of the United States, to provide for the participation of the United States in International Monetary Fund and the International Bank for Reconstruction and Development. This position has been taken because our directors believe that these measures are not in the best interests of the United States. This is not to imply any reflections on the motives, or intentions, of the authors and sponsors of these proposals. However, the fact that an aviator intends to drop his bombs only on the enemy does not in any way lessen the damage done when by mistake he drops them on his comrades. Similarly, the good intentions and aims of the authors and proponents of the Bretton Woods Agreements are no guarantee of good results.

Cost to the American People

The first point to be considered in financial proposals of this sort is the cost, or amount of investment. The initial obligations of the United States to the International Fund and Bank, under the

(Continued on page 2189)

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*Statement by Dr. V. Orval Watts before the House Banking and Currency Committee last week.

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Herbert D. Seibert,
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William Dana Seibert, *President*
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Thursday, May 17, 1945

Published twice a week
every Thursday
(general news and advertising issue)

and every Monday

(complete statistical issue—market quotation records, corporation, banking, clearings, state and city news, etc.)

Other Offices: 135 S. La Salle St., Chicago 3, Ill. (Telephone: State 0613); 1 Drapers' Gardens, London, E. C., England, c/o Edwards & Smith.

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Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 3, 1879.

Subscriptions in United States and Possessions, $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year.

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Bank and Quotation Record—Mth.$25 yr.
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NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

SEC Holds Conference on Proposal To Prohibit Floor Trading

Treanor Recommends Abolition of Floor Trading at SEC Hearing. Proposed Remedy Characterized as Revolutionary. Will Impair Liquid Markets. Further Study of the Problem Advocated. Adoption of Proposal Will Deprive Many in Securities Field of Their Means of Livelihood. Data Collated by the Trading and Exchange Division Said Not to Support Its Conclusions.

J. A. Treanor, Jr.

Emil Schram

PHILADELPHIA, May 16—The conference on floor trading got under way here this morning before the full Commissoin.

The Commission was first addressed by James A. Treanor Jr., Director of the Trading and Exchange Division of the SEC.

He introduced as an exhibit a report made under his supervision recommending the immediate adoption of a rule by the SEC prohibiting "floor trading."

(Continued from page 2192)

Stemming Tide of SEC Domination

Entire Investment Field Should Get Behind the Boren Bill

Back in February, when the hearings were first held, before the Committee on Interstate and Foreign Commerce of the House of Representatives on the subject of the Boren Bill, we immediately made a study of the testimony and took prompt occasion to comment upon the evidence, editorially.

Long before these hearings we advocated passage of the proposed Boren Bill. The hearings confirmed our point of view which remains absolutely unchanged.

The issues were clearly defined and as we pointed out the presentation made on behalf of the dealers in public securities, was a studied and splendid effort representing clever planning and strategy. We commended that effort to the attention of dealers in securities generally when espousing their causes in pending legislation.

On such occasions all too frequently generalship in advocacy is sadly neglected. Garbled and contradictory versions result and causes having inherent merit fall by the wayside.

Here, however, the unity of planning was such as to leave little doubt that particular phases of the subject were assigned to different men for coverage. The result was a splendidly accurate and well reasoned showing.

We have constantly argued that the existence of a limited

(Continued on page 2185)

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Post-War Utilities Earnings and Rates

By A. M. SAKOLSKI

Investment Analyst Contrasts the Situation of Utilities After the Last War With the Prospective Conditions Following Present Conflicts. Holds That Although There Will Be a Falling Off of Earnings Due to Industrial Cut-Backs, the Fact That Increased Wartime Earnings Are Largely Absorbed by Excess Profits Taxes, the Resulting Reduced Revenues Will Not Affect Dividend Payments. Says That Although Some Time Will Elapse Before Expanded Domestic Demand for Utility Services Take Effect, the Increased Revenues From This Source Will Eventually Offset Loss in Net Earnings From Lighter Industrial Loads.

A. M. Sakolski

The effects of this war on the financial and operating problems of the utilities present a distinct contrast with the conditions following World War I. After the last war, the utilities were faced with inflated materials prices, inadequate and rigid rates, and the immediate need of expanding plant construction to meet the peak demands for increased use of their services. They were also confronted with high interest rates for capital and rigid and unsettled rate structures which, in many cases, were the outgrowth of their haphazard development and a lack of adequate data on operating costs and efficiency.

The immediate post-war outlook presents a different picture. During the current hostilities, the utilities, like most other business enterprises, greatly increased their production and efficiency. This was accomplished with relatively little increased capital investment and, in many cases, without even an increase in the peaks of the demand for their services. Increased output was accomplished mainly through improvement of the load factor, i.e. by extending the use of their services more evenly throughout the 24 hours of the day, as well as

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Prof. Sprague's Testimony Ends Bretton Woods Hearings

By HERBERT M. BRATTER

Former Bank of England and U. S. Treasury Expert Expresses Approval of Bretton Woods Proposals but Cautions Against Expecting Either Currency Stabilization or Abandonment of Exchange Controls.

O. M. W. Sprague

WASHINGTON, MAY 15—During the past week the last of the scheduled witnesses on the Bretton Woods legislation were heard and the House Banking and Currency Committee prepared for executive sessions on HR-2211. The hearings, which began March 7—before the Easter recess—with the testimony of the Treasury, ended with two non-official Administration witnesses: Mr. James B. Carey, Secretary-Treasurer of the CIO, and Harvard's Professor Emeritus O. M. W. Sprague, who seems to have been brought on to rebut the testimony of the bankers and of Princeton's Professor Emeritus E. W. Kemmerer.[1] Public attendance at the Sprague hearing was so sparse as to cause comment by the Chairman. More than half of the dozen persons present were Treasury officials and employees, among them Assistant Secretary Harry D. White.

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[1] See Prof. Kemmerer's prepared testimony in the "Commercial and Financial Chronicle" of May 10, Section 2, page 1.

(Continued on page 2186)

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Television and Its Post-War Outlook

By MORT N. LANSING*

Specialties Unit, Bureau of Foreign and Domestic Commerce

Commerce Department Official Calls Attention to Progress in Television and Suggests Its Expansion May Be Similar to That of Radio. Holds That Monochrome Television Has Already Demonstrated Its Practicability and That There Is Fair Probability of Color Reproduction. As of February 1, 1945 Licenses Have Been Granted to Six Commercial and 25 Experimental Television Stations, and Although the Television Audience Is Not Yet Large Enough to Support Regular Programs, It Is Estimated That a Thousand Firms Have Used Television Experimentally for Advertising.

Dreams of the past have often become miracles of the present. This is true in the case of television, which now gives every promise of becoming one of the commonplaces in the near future.

Mort N. Lansing

Certain technical problems have been solved by radio engineers and now the industry believes that it will be possible even to have color within a year or two after V-E Day. These radio engineers have been experimenting and conducting research ever since the birth of radio. From the infant radio industry which began with headphones and crystal detectors there grew up a giant industry with two promising lines of development—frequency modulation and television.

If television is to follow in the footsteps of the phenomenal expansion of the radio industry, some conception of what may occur can perhaps be obtained from an anlysis of that industry. The establishments covered by the figures in the table were engaged primarily in the manufacture of radio receiving and transmitting sets and tubes, television sets, phonographs, accessories and associated equipment. The value of products for the year 1939 was produced by 224 establishments which employed an average of 43,508 wage earners in that year. Approximately 8% of the total production was exported in 1939.

Annual Pre-War Production of the Radio Industry

Year—	Value of products
1931	$193,142,845
1933	121,801,611
1935	200,972,523
1937	122,901,524
1939	275,870,165

Source—Bureau of the Census, U. S. Department of Commerce.

Since 1939, the industry has expanded rapidly in order to meet the large and complex military requirements.

For a number of years television programs have been broadcast experimentally. In 1941 the Federal Communications Commission issued rules and standards providing for monochrome television broadcasting on a commercial basis. Eighteen channels, each 6 megacycles wide, were assigned

(Continued on page 2190)

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*Reprinted from "Domestic Commerce" April, 1945, published by the U. S. Department of Commerce.

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The Anglo-Swedish Monetary Agreement

New Contract, Besides Fixing an "Official" Exchange Rate, Restricts the Use of Either Sterling or Kronor by Either Party in England or Sweden Except for Special Arrangements Which Both Parties Sanction. Agreement Harmonizes With "Sterling Area" Scheme Which Provides for Arrangements Which in Effect Permit the Unfreezing of Abnormal Sterling Balances Only at Discretion of England. Calls for Establishing Exchange Equilibrium by Currency Loans and Gold Transfers, and Contains a Proviso That if Either Nation Adheres to a General International Monetary Agreement, the Contract May Be Amended.

The British Ministry of Foreign Affairs has recently published a White Paper (Sweden Vo. 1—1945) which contains the text of the monetary agreement entered into on March 6, 1945 with the United Kingdom (on behalf of the "Sterling Area") and the Government of Sweden. This contract, which is for five years duration, unless revoked sooner, in addition to fixing an exchange rate between the Swedish krona and the pound at 16.90 kr. to £1, obligates each party to enforce the use of the official rate as a basis of all transactions involving a relationship between the two countries, thus implementing a strict system of bilateral exchange control. However, the new agreement is more restrictive than the pre-war sterling-krona pegged arrangement in that it restricts the use of either currency by either party in England or Sweden except for special arrangements which both parties sanction, thus permitting the unfreezing of abnormal sterling balances only at the discretion of England. There is a proviso in the new agreement that if during the currency of this agreement, either of the contracting governments adheres to a general international monetary agreement. the terms of the present agreement shall be reveiwed with a view to making any amendments that may be required.

The full text of the agreement follows:

(Continued on page 2174)

Six War Years of British Banking

By DR. FREDERIC EDWARD LEE

Professor of Economics, University of Illinois—Formerly American Financial Trade Commissioner, American Embassy, London

Economist Shows From Composite Balance Sheets That, Like American Banks, the British "Big Five" Joint Stock Banks Hold Largest Deposits and Highest Total Assets on Record and That There, as in United States, the Government is the Largest Borrower. Maintains That Should This Continue Into the Reconversion Period British Bankers Are Concerned Over Their Ability to Meet the Legitimate Needs of Small Business and to Resume Normal Commercial Banking Operations. Shows Combined Net Profits for "Big Five" Dropped in 1944 to the Level of 1932—the Low Year of the Depression.

A comparison of the composite balance sheets for the British "Big Five" Joint Stock Banks for the year 1938—the last full year of operations before the beginning of World War II—with those for the year just closed, 1944, shows some of the important changes which have taken place in British banking during the past six-year period. As is the case with American banks, the tremendous growth of deposits and the falling off of the normal demand for "advances," i.e., Loans and Discounts in American terminology, are among the pertinent changes which are revealed. Dominating the English banking situation both by the extent of their total resources and by the number of branches in England and Wales, the "Big Five" banks reflect banking conditions generally in the United Kingdom, as they account for approximately 87% of the commercial banking business of England and Wales.

Dr. Frederic E. Lee

Relative Position of the "Big Five" Banks

The so-called "Big Five" Joint Stock Banks—the Midland Bank, Barclays Bank, Lloyds Bank, Westminster Bank, and the National Provincial Bank, all limited liability companies—directly control assets of over £4,138,000,000—over $16½ billion at present rates of exchange. They are thus not only the leading joint stock or commercial banks of the United Kingdom, but rank among the largest commercial deposit banks of the world. All now have their head offices in London but this was not always the case, particularly in the period in which the Bank of England enjoyed a "fancied monopoly" of joint stock banking in England, when by law other corporations of more than six partners were prohibited from engaging in this type of business. After 1826, however, such companies were permitted to carry on business in England at a greater distance from London than 65 miles, provided they had no banking establishment in London. After 1833 the question of fancied monopoly on the part of the Bank of England was cleared up and provisions were made in the amended law for the operations of such corporations in London and elsewhere, as deposit banks but without the privilege of note issue, particularly in the metropolis.

Each of the "Big Five" lays claim to some distinctive position in the banking circles of Great Britain and the London money market. As shown in the composite balance sheet and profit figures, the Midland Bank is the largest of these institutions. The Westminster Bank was the first of the group to begin joint stock

(Continued on page 2183)

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Stock Market Comment

Noting That the Current Bull Market Has Lasted Seven Months, Writer States That in View of the Behavior of the Rail and Industrial Averages It Might Be Well to Exercise Prudence and Partially Liquidate Long Accounts. Holds Process of Disintegrating War Economy Has Begun and It Would Be Hazardous to Believe That Stock Markets Could Continue Buoyant During This Process.

Jacques Coe

The third primary upswing of the current bull market has continued for more than seven months without anything more than a minor setback. We now seem to be approaching an area, both as to time and price, where more than a minor correction would be warranted, which might be just another interruption in a broad bull pattern or may be severe enough to be referred to as an important decline.

Our last analysis of the broad bull market pattern was written nearly six months ago (November 17), at which time we discussed the deceptive secondary which had been in progress for a few months and which could turn around to mark the third upward phase early in 1945. From the November lows of approximately 145 to the recent levels of 166 would appear to be a major upswing of considerable proportions, and we now feel justified in examining the market structure as it stands today.

In former times, one would have been on the lookout for sensational market advances, very big volume, and a number of moves sharply up and down within a comparatively brief period, to indicate a "blow-off," inasmuch as, under cover of the big volume and general all around excitement, considerable distribution used to be effective . . . that is to say, the passing of stocks from strong to weak hands.

Is it not possible or even probable that, under the new order of popular secondary distributions, the same phenomenon has been taking place?

In an effort to discern clues which might indicate an overbought condition in the market, we find a number of market behaviorisms which, in the past have justified borebodings. One of these is a divergence in the averages. We may be in the process of de-

(Continued on page 2167)

Galpeer Asst. N. Y. Regional Adm. for SEC

Irving J. Galpeer

The Securities and Exchange Commission announced the appointment of Irving J. Galpeer as Assistant Regional Administrator of its New York Regional Office.

Mr. Galpeer first became associated with the Commission in 1935 as an attorney on the staff of the New York office, in which capacity he handled many of the important investigations and litigations conducted by that office. Since 1942 he has been Principal Attorney in charge of enforcement.

Mr. Galpeer was born in New York City in 1909. He was graduated from Harvard College in 1930 and from Harvard Law School in 1933, where he was an editor on the Harvard Law Review. He was admitted to the bar of the State of New York in 1934. After a brief period with Rummel, Blagg & Stone in Charleston, W. Va., he entered the office of Abraham N. Geller in New York City, where he remained until he came with the Commission.

Timothy Grace Joins R. S. Dickson & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Timothy J. Grace has become associated with R. S. Dickson & Co., Inc., 135 S. La Salle Street. Mr. Grace was previously a principal in F. J. Brophy & Co. and prior thereto was with A. C. Allyn & Co., and was an officer of A. S. Huyck & Co., Inc.

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It is understood that the firms mentioned will be pleased to send interested parties the following literature:

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Debt Structure and Bond Maturity Calendar of the State of North Carolina — Brochure — **Equitable Securities Corp.**, 322 Union Street, Nashville 3, Tenn.

Florida Bonds—Quotations and information — **Clyde C. Pierce Corp.**, Barnett Building, Jacksonville 1, Fla.

Insurance and Bank Stock Evaluator—Comparative analysis of 81 insurance companies and 38 banks—**Butler-Huff & Co. of California**, 210 West Seventh Street, Los Angeles 14, Calif.

Market Comments—A memorandum on the situation in several issues—**Bennett & Palmer**, 165 Broadway, New York 6, N. Y.

Monthly Stock and Bond Summaries—May be had at a cost of $72 each per year, or a total of $144 a year for the complete service which includes two cloth bound volumes and ten paper bound issues—a special free trial offer is available—**National Quotation Bureau**, 46 Front Street, New York, N. Y.

Public Utilities Research—Information about special reports prepared by **Shields & Co.**, 44 Wall Street, New York 5, N. Y., may be obtained by writing to T. L. Crockett, the partner in charge of the department.

Quarterly Canadian Review—Includes a Review of current Canadian Conditions and brief analyses of six Canadian Provinces—**Dominion Securities Corporation**, 40 Exchange Place, New York 5, N. Y.

Research Comment—Current developments—**H. Hentz & Co.**, 60 Beaver Street, New York 4, N. Y. Also available a discussion of the proposed merger of the **Gulf, Mobile & Ohio and Alton Railroads.**

Tobacco Industry Outlook—Review of the industry in "Fortnightly Market and Business Survey"—**E. F. Hutton & Co.**, 61 Broadway, New York 6, N. Y.

Utilities—1945 — An exposition of the advantages and disadvantages of investments in holding and operating companies, respectively, and of the various types of securities currently available within those categories; favorable and unfavorable aspects of the industry as a whole, with a discussion of Federal and municipal competition, now and in the future; a detailed survey of 24 operating and 19 holding companies—**Merrill Lynch, Pierce, Fenner & Beane**, 70 Pine Street, New York 5, N. Y.

Aetna Life Insurance—Descriptive memorandum — **Charles W. Scranton & Co.**, 209 Church Street, New Haven 7, Conn.

Also available are memoranda on **American Hardware Corp., Scovill Manufacturing Co., Torrington Co., Connecticut Light & Power Co., Connecticut Power Co., Hartford Electric Light Co., United Illuminating Co.**

American Bantam Car—Circular on this situation—**Hoit, Rose & Troster**, 74 Trinity Place, New York 6, N. Y.

American Window Glass Co. and **Detroit Harbor Terminal, Inc.** — Dealer circulars available — **Kneeland & Co.**, Board of Trade Building, Chicago 4, Ill.

Associated Gas & Electric Corp. —A reappraisal—detailed study—**New York Hanseatic Corp.**, 120 Broadway, New York 5, N. Y.

Benguet Consolidated Mining Co. — Analysis — **F. Bleibtreu & Co., Inc.**, 79 Wall Street, New York 5, N. Y.

Boston Terminal 3½s of 1947—Analytical report describing reorganization status and proposed plan—**Greene & Co.**, 37 Wall Street, New York 5, N. Y.

Boston Wharf Co.—Descriptive circular—**du Pont, Homsey Co.**, Shawmut Bank Building, Boston 9, Mass.

E. G. Brooke Iron—Descriptive memorandum—**Buckley Brothers**, 1529 Walnut Street, Philadelphia 2, Pa.

Also available are memoranda on **Lukens Steel** and **Eastern Corp.**

(Continued on page 2167)

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(Continued from page 2166)

Central Iron & Steel—Bulletin on recent developments—**Lerner & Co.**, 10 Post Office Square, Boston 9, Mass.

Also available are circulars on **Kingan & Co.** and **Riverside Cement.**

Chicago, Milwaukee, St. Paul & Pacific Railroad—Complete arbitrage proposition—**Sutro Bros. & Co.**, 120 Broadway, New York 5, N. Y.

Chicago Traction System — Memorandum—**Kitchen & Co.**, 135 South La Salle Street, Chicago 3, Illinois.

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Cross Co. Common Stock—Analysis of reasons for considering this an attractive low-priced situation—**F. H. Koller & Co., Inc.**, 111 Broadway, New York 6, N. Y.

Also available are memoranda on **Liquidometer Corp., Great American Industries, Hartman Tobacco** and **New Bedford Rayon.**

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Electronic Co. Common—Report discussing this stock as an attractive low-priced dividend payer—**Hughes & Treat**, 40 Wall Street, New York 5, N. Y.

Empire Steel Corp.—Annual report—**Hill, Thompson & Co., Inc.**, 120 Broadway, New York 5, N. Y.

Flour Mills—Descriptive circular—**J. F. Reilly & Co.**, 111 Broadway, New York 6, N. Y.

Also available is a circular on **Foundation Co.**

Four Wheel Drive Auto Company—Four-page illustrated brochure, for dealers only—**Comstock & Co.**, 231 South La Salle Street, Chicago 4, Ill.

Garrett Corporation—Brochure and statistical information, available to dealers—**Fred W. Fairman & Co.**, 208 South La Salle Street, Chicago 4, Ill.

General Industries Co. — Detailed discussion of position and outlook — **Mercier, McDowell & Dolphyn**, Buhl Building, Detroit 26, Mich.

Also available is a report on **National Stamping Co.**

Girdler Corporation — Descriptive circular—**The Bankers Bond Co., Inc.**, Kentucky Home Life Building, Louisville 2, Ky.

Golden State Co., Ltd.—Timely statistical report—**Kaiser & Co.**, 20 Pine Street, New York 5, N. Y., and Russ Building, San Francisco

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Hallicrafters Co. — Descriptive memorandum — **Doyle, O'Connor & Co., Inc.**, 135 South La Salle Street, Chicago 3, Ill.

Haloid Company—Discussion of interesting post-war possibilities —**Walston, Hoffman & Goodwin**, 265 Montgomery Street, San Francisco 4, Calif.

Also available are detailed studies of **M. A. Hanna Co.** and **Noranda Mines, Ltd.**

Hearst Consolidated Publications, Inc.—Summary of the situation—**Straus & Blosser**, 135 South La Salle Street, Chicago 3, Ill.

Howell Elec. Motors—Circular —**Adams & Co.**, 231 South La Salle Street, Chicago 4, Ill.

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Also available is a memorandum on **Macfadden Pub. Inc.** and **Sterling Engine.**

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Lea Fabrics—Discussion of interesting post-war situation — **Dunne & Co.**, 25 Broad Street, New York 4, N. Y.

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P. R. Mallory & Co., Inc.— Analytical discussion — **Steiner, Rouse & Co.**, 25 Broad Street, New York 4, N. Y.

Mid Continent Airlines, Inc., memorandum—**Kitchen & Co.**, 135 South La Salle Street, Chicago 3, Ill.

National Candy Co.—Descriptive analysis—**O. H. Wibbing & Co.**, 319 North Fourth Street, St. Louis 2, Mo.

National Radiator Co.—Analysis, for dealers only—**C. E. Unterberg & Co.**, 61 Broadway, New York 6, N. Y.

New York, Chicago & St. Louis Railroad 3¼s of June 1, 1938—Offering circular—**Hirsch & Co.**, 25 Broad Street, New York 4, N.Y.

Northern Pacific Railway Company — Discussion of "Better Times Ahead"—**Vilas & Hickey**, 49 Wall Street, New York City.

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Pickering Lumber Corp.—Circular—**White & Co.**, Mississippi Valley Trust Building, St. Louis 1, Mo.

Pittsburgh Railways — Current study—**First Colony Corporation**, 70 Pine Street, New York 5, N. Y.

Public National Bank & Trust Company—Analysis and current notes—**C. E. Unterberg & Co.**, 61 Broadway, New York 6, N. Y.

Reed Drug Co.—Discussion of class A convertible stock for income and possible appreciation, and the common stock as a speculation—**First Colony Corporation**, 70 Pine Street, New York 5, N. Y.

Schenley Distillers Corporation —Brochure of articles they have been running in the Chronicle—write to Mark Merit, in care of **Schenley Distillers Corporation**, 350 Fifth Avenue, New York 1. N. Y.

Seaboard Railway Company—Complete arbitrage proposition on request—**Sutro Bros. & Co.**, 120 Broadway, New York 5, N. Y.

Segal Lock—Post-war outlook—**Simons, Linburn & Co.**, 25 Broad Street, New York 4, N. Y.

Serrick Corp. class A—Current bulletin—**Sills, Minton & Co., Inc.**, 209 South La Salle Street, Chicago 4, Illinois.

Standard Dredging Corp. and Subsidiaries—Analysis of outlook —**Brailsford & Co.**, 208 South La Salle Street, Chicago 4, Ill.

Sylvania Industrial Corporation —Discussion of five attractive features of the situation, which is considered as a dividend-paying peace-time growth stock with good war-time earnings by **Loewi & Co.**, 225 East Mason Street, Milwaukee, Wis.

TACA Airways SA.—Discussion of attractive prospects for return and appreciation—**Ward & Co.**, 120 Broadway, New York 5, N. Y. Also available are late memoranda on:

Du Mont Laboratories "A"; Great American Industries; Massachusetts Power & Light $2 preferred; Majestic Radio; Magnavox Corp.; Electrolux; Brockway Motors; Scovill Mfg.; Riley Stoker; Alabama Mills, Inc.; American Hardware; Douglas Shoe; Hortford-Empire; Maine Central Pfd.; Moxie; Southeastern Corp.; United Piece Dye Works; Detroit Harvester; Boston & Maine; Buda Co.; Federal Machine & Welding; Gleaner Harvester; Liberty Aircraft Products; Lamson - Sessions; Berkshire Fine Spinning, Bowser, Inc.; New Jersey Worsted; Mohawk Rubber Co., and **P. R. Mallory.**

Tennessee Central Railway—Descriptive circular — **Adams & Peck**, 63 Wall Street, New York 5, N. Y.

Wellman Engineering Co.—Descriptive circular — **Simons, Linburn & Co.**, 25 Broad Street, New York 4, N. Y.

Noyes Adds J. F. Smith

(Special to The Financial Chronicle)

CHICAGO, Ill.—James F. Smith, previously with S. B. Chapin & Co., has become affiliated with David A. Noyes & Co., 208 South La Salle Street, members of the New York and Chicago Stock Exchanges.

Simmonds With Shillinglaw

(Special to The Financial Chronicle)

CHICAGO, Ill.—Watson A. Simmonds has become associated with Shillinglaw, Bolger & Co., Inc., 120 South La Salle Street. Mr. Simmonds was previously with the Illinois State Department of Revenue.

Wadden Adds Two

(Special to The Financial Chronicle)

CHICAGO, Ill.—Arthur M. Hollaman and Samuel A. Williams have been added to the staff of Wadden & Company, 208 South La Salle Street.

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Real Estate Securities

Loss of War Time Leases Should Not Have Too Bad An Effect on Financial District Office Buildings

V-E Day has again brought up the question of the effect of the loss of war time tenancy in office buildings. In the financial district of New York, it has been estimated that 3,500,000 square feet of space is now occupied by war time tenants. This space represents about 13% of the total of the 27,000,000 feet of total rentable area in the district.

Some of our leading statistical services have recommended switching out of real estate bonds of downtown office buildings because of the possible loss of war time tenancy. **The writer sharply disagrees with this theory.**

In normal operation of real estate, it is usual to expect a 10% to 15% amount of vacancies. Many real estate ventures have been successfully operated in the past with this amount of vacancies. However, there is no reason why a large proportion of the 13% of war time occupied space cannot be re-rented to civilian tenants. Steamship companies, shipping companies and Consular offices, all users of a large amount of space pre-war, will again desire to locate in this section. In 1941, according to a survey of the financial district of New York City, made by Schlang Bros. & Co., renting and managing agents specializing in this section, 450 shipping agencies, suppliers, lighterage, towing and trucking firms occupied approximately 1,080,000 square feet of space in this section. The many other industries allied to railroad and shipping business accounted for over 1,300 firms of exporters, importers, freight forwarders, custom brokers, merchants, etc., and about 1,000.000 square feet of space; one hundred American and foreign governmental representatives, agencies and departments used about 500,000 square feet of space. Return of these tenants who had to give up their business because of the war will surely utilize much of the space given up by war time tenancy.

Further, elimination of some war tenants with their low rents should really be of benefit to some buildings, viz: 39 Broadway (Broadway Trinity Place Corporation 4½s 1963) with 330,000 square feet of rentable area is about 40% leased to the Maritime Commission at the very low rental of $1.50 per square foot. Despite this low rental, earnings of 4.30% were indicated for the bonds in the last published earning statement. (In the 61 Broadway reorganization it was testified that in the opinion of the expert for the Trustee, that at the average rent for that building in 1943—$2.18 a square foot, bottom had been struck and rents possibly would go up. This $2.18 per square foot was the lowest average for 61 Broadway since 1926. In 1930 the rents averaged $4.46 per square foot.) To get back to 39 Broadway, assuming the Maritime Commission vacated 132,000 square feet, for which they are paying $1.50 a foot, and their space could be re-rented at only $2.00 a foot, it would add $61,000 to the rent roll of the building; this would amount to over 1% on the bond issue—and we think that $2.00 a square foot is very conservative.

Returning again to 61 Broadway, they have four war time tenants occupying 74,000 square feet at a total of $110,000 a year. Against this, the building has a huge store and mezzanine on the ground floor vacant since July 1941, for which they have been unable to find a tenant because of the war. This space was formerly occupied by the Norddentscher Lloyd (Hamburg - American Steamship Lines) at a rental of $110,000 a year. Assuming this store can now be rented and part of the wartime tenant space re-rented, this building should not be effected by the end of the war.

One-sixty-five Broadway has approximately $119,000 worth of war leases. Against this they have, because of the war, been unable to rent their stores in Cortlandt Street, one of the most desirable store locations in New York. We believe the rental value of these stores is about $50,000 a year. Loss of war time leases should be partially offset by quick renting of the stores and part of the war times pace should also be quickly re-rented.

The writer, therefore, believes that bondholders should not be stampeded into disposing of their real estate bonds secured by financial office buildings. These bonds are still selling at large discounts and appear to have a much greater intrinsic value than present market would indicate.

The Securities Salesman's Corner

By JOHN DUTTON

An Interesting Piece of Selling Literature Offered to Dealers by Hare's Ltd.

Hare's Ltd. of 19 Rector Street, New York City, has prepared a one page bulletin, which they offer free to dealer's on request, that can be used as a lead producer, and that should be an effective piece of mailing literature.

It is entitled, "Current Considerations," with a subtitle "Facts Deserving Careful Consideration Of Investors." To conveniently circularize your clientele and prospects, Hare's will furnish your firm with copies of this article with your name imprinted, so that it will appear sloley as your own origination.

The article is short, and carries a punch. The first paragraph consisting of only two lines, states the earnings of 15 New York banks in 1937, were over $95,000,000.00. The second paragraph, quotes the reported earnings of these same banks in the year 1944 at over $123,000,000.00, and shows the increase as 29%. First quarter earnings in 1945 are then compared with the same period in 1944, showing another increase of 25%.

After vividly portraying the large increases in earnings, the POINT IS MADE THAT THE STOCKS OF THESE BANKS ARE CURRENTLY AVAILABLE AT PRICES AVERAGING ABOUT 30% LESS THAN IN EARLY 1937. An offer to suggest some attractively situated bank stocks is then made, and the bulletin is signed by the dealer.

If you believe that bank stocks are an attractive purchase at this time, it would appear to us that a piece of mail literature like this should merit attention. It should improve the pulling power of a mailing of this sort if a return, self-addressed card is enclosed, which would make it convenient for the recipient to request further information. The bulletin itself, is of a character that can be used by any dealer who is interested in this class of security.

The appeal here is based upon sound research, and the facts presented leave it up to the reader to come to his own conclusions. These conclusions, however, are not difficult to discern. They all lead to one conclusion—earnings are 50% higher and yet prices are 30% less than they were in 1937. Conclusion: At least, let's find out more about the why's and wherefore's.

This mailing should arouse interest on the part of security buyers.

NSTA Notes

NATIONAL SECURITY TRADERS ASSOCIATION

The election of officers and the annual business meeting of the National Security Traders Association, Inc., will be held at the Grand Hotel, Mackinac Island, Mich., Aug. 28, 29 and 30, 1945.

This meeting will be limited in attendance to 50 persons, in accordance with ODT Regulations now in effect. The following persons will be entitled to attend: Members of the Executive Council; Chairmen of Standing Committees; National Committeemen as follows: Affiliates with 99 members or less, one National Committeeman; affiliates with 100 to 199 members, two National Committeemen; affiliates with 200 or more, three National Committeemen and one National Committeeman-at-large.

Transportation will have to be arranged individually and hotel reservations should be made by communicating direct with the Grand Hotel. In case ODT restrictions are relaxed, the Grand Hotel can accommodate additional guests.

BOND TRADERS ASSOCIATION OF SAN FRANCISCO

The Bond Traders Association of San Francisco will hold their annual spring party May 25, 1945, at the Orinda Country Club.

SECURITIES TRADERS ASSOCIATION OF DETROIT AND MICHIGAN

The Securities Traders Association of Detroit and Michigan will hold their annual summer outing on Tuesday, June 19, at the Western Golf and Country Club.

The day's events will include the golf competition for the Directors Trophy and also a kicker's handicap tournament. Due to the ODT travel restrictions, only a limited number of out-of-town guests are expected to attend.

SECURITY TRADERS ASSOCIATION OF LOS ANGELES

The Security Traders Association of Los Angeles will have an annual spring party at the North Shore Tavern, Lake Arrowhead, on June 15, 16 and 17. The cost will be $25 per person, which will include room and meals for two nights. Reservations are limited to 60, and no outside reservations will be taken until it is determined how many members of the local organization expect to attend. Anyone interested in attending should contact Mr. Clifford Hey, Nelson Douglass & Co., 510 South Spring Street, as after reservations are closed for the Club, guest reservations will be taken on a first-come, first-served basis.

SECURITY TRADERS ASSOCIATION OF NEW YORK

At a meeting of the members of the Security Traders Association of New York, Inc., on Monday, May 14, the proposed changes in the By-Laws as recommended by the By-Laws Committee were unanimously adopted.

The principal changes provide for an increase in the membership from 400 to 450; an age limit of 55 for new members, and an increase in the initiation fee from $5.00 to $15.00, the additional $10.00 to be applied to the Gratuity Fund.

Calendar of Coming Events

May 25, 1945—Bond Traders Association of San Francisco annual spring party at the Orinda Country Club.
June 15, 16, & 17, 1945—Security Traders Association of Los Angeles annual spring party at the North Shore Tavern, Lake Arrowhead.
June 19, 1945—Securities Traders Association of Detroit and Michigan annual summer outing at Western Golf and Country Club.
August 28, 29 & 30, 1945—National Security Traders Association, Inc. annual business meeting and election of officers.

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CED and ABA Attitudes On Bretton Woods

Research Committee of CED Advocates Proposal of ABA That International Bank Be Empowered to Make Currency Stabilization Loans, but Would Not Place Monetary Fund Wholly Within Framework of Bank.

Harry S. Scherman, President, Book-of-the-Month Club and a member of the Research Committee of the Committee of Ecoonmic Development in a statement made before the House Committee on Banking and Currency on April 30, explained the similarities and differences between the proposals of his own organization, the CED and those of the American Bankers Association with reference to amending the Bretton Woods Agreements.

"Our Committee," said Mr. Scherman, "described its report as a 'synthesis of the opposing views about the Bretton Woods proposals, not a compromise between them.' It may be of some help to the members of this Committee to examine how far that synthesis goes, and just where it ends, and on what grounds.

"We propose that the Bank be given the express power to make stabilization loans to any member country when that proves to be necessary; and also other 'general purpose loans,' as Dr. John Williams characterizes them, that may turn out to be need for 'the general restoration of a member's economic status after the war.'

"Our Committee pointed out that, by an allowable construction of one phrase in the Agreements, the Bank managers could exercise this power. In the one article in the Agreements which sets forth exactly what the Bank's function is to be, it is stated that its loans shall be for specific projects of reconstruction and development, 'except in special circumstances. . . .'

"By giving the Bank managers the express power to make 'stabilization loans,' and not making them assume that power by interpretation, what really is accomplished is not to broaden the Bank's powers, but to make much sharper and much clearer—to all the nations concerned and to public opinion in all countries—the separate functions and responsibilities of both the Bank and the Fund.

"This idea," continues the statement of Mr. Scherman, "is that of the American Association itself; and if it results in final approval of the Bretton Woods Agreements by the United States Government, a large share of the credit should go to that body. So far as the members of our own Research Committee is concerned, the idea originally emanated from the American Bankers Association. When we began to deliberate over the many difficult and controversial aspects of this subject, we were deeply impressed—all of us—with this one idea advanced in the published report of the American Bankers Association. It seemed to us to be of absolutely vital importance, and that it should surely be adopted in the final set-up of these two great instrumentalities, which are aimed to establish lasting orderly conditions for international monetary relationships."

"If the CED suggestion is followed," Mr. Scherman asserted, "everybody will understand that the Bank would be responsible for making any required stabilization loans to governments, or loans for the gradual restoration of the economic status of distressed countries after the war. Also the Bank, everybody now agrees and understands, will take care of loans for specific projects of reconstruction and development over the world. The function of the Monetary Fund will be to meet temporary shortages of a needed currency whenever they develop in any country, as the result of an adverse balance of trade between it and some other member of the Fund. That is, the Fund will principally perform the function that automatic gold movements used to perform in less disturbed days than we now liven in."

Concluding, Mr. Scherman stated the position of the CED thus:

"The point of view of the CED, about this aspect of the Bretton Woods proposals, can be stated in a simple way. We now have this bird, a very precious bird, in the hand. Why throw it into the bush, expecting to capture exactly the same bird at some later time and some later conference?

"That is what would be involved if the suggestion of the American Bankers Association be followed: namely, to approve only the Bank, not the Fund, and try to get the 44 nations to agree, in a new instrument dealing only with the Bank, what they have already agreed to with regard to the Fund.

"It seems most unwise to take such a course unless there are extremely good and clear reasons for doing so. We ourselves have been able to find no such reasons.

"It is fair to say that, if the Fund were likely to be frozen or wrecked, ultimately, by having to make large stabilization and general purpose loans, the members of our Research Committee would have considered that reason enough to support the American Bankers Association's total position, which is properly cautious and farsighted under such a supposition. We say this, in our recommendations.

"But if the main point advocated by the American Bankers Association—giving the Bank the power to make needed stabilization loans — is conceded by our Government officials and by other signatories to be a recognized basic part of the Bretton Woods Agreements, we hold that it is good common sense to preserve, and not lose, the promising and significant advances in monetary collaboration that have been achieved in these Agreements."

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Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, CALIF.—**Graham Stevens** has joined the staff of **Boston Commonwealth Coporation**, 9631 Wilshire Boulevard.

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, OHIO.—**Allen A. Brown** and **E. William Thomas, Jr.**, have become associated with **J. S. Bache & Co.**, Dixie Terminal Building. Mr. Brown was in the past with H. S. Pogue Co.

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, CALIF.—**James E. Jeffers** has become connected with **Maxwell, Marshall & Co.**, 110 Pine Avenue. Mr. Jeffers was previously Long Beach representative for Adams-Fastnow Company.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF. — **Lee Hodgson Wood** is now with **Buckley Brothers**, 530 West Sixth Street. Mr. Wood was formerly with Harbison & Gregory and J. A. Hogle & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—**William G. Pinney** has been added to the staff of **Edgerton, Wykoff & Company**, 621 South Spring Street.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, CALIF.—**Edward J. Peck**, previously with Geo. H. Grant & Co., has become associated with **Denault & Co.**, Russ Building.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, CALIF.—**William A. Miller** is with **Sutro & Co.**, Van Nuys Building. Mr. Miller was formerly with H. R. Baker & Co., Max I. Koshland & Co., and Crowell, Weedon & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN JOSE, CALIF.—**Albert R. Wright** has been added to the staff of **Sutro & Co.**, 15 East Santa Clara Street.

(Special to THE FINANCIAL CHRONICLE)

MIAMI, FLA.—**Harry M. Lorbach** is with **Clark Davis Co.**, Lanford Building.

Finucane Named Pres. Of NY Bankers Assn.

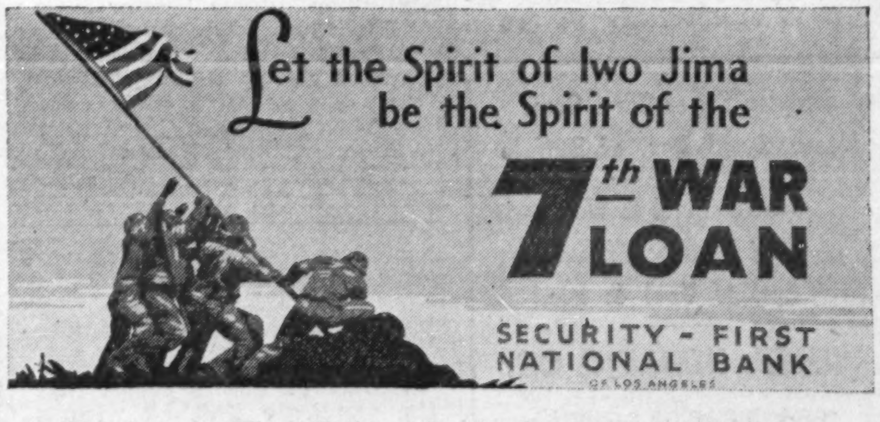
Bernard E. Finucane

The New York State Bankers Association's 52nd annual election of officers, conducted by mail ballot, resulted today in the election of Bernard E. Finucane, President of the Security Trust Company, Rochester, to the Association's Presidency. Mr. Finucane succeeds C. George Niebank, President, Bank of Jamestown, Jamestown.

The new President has been connected with the Security Trust Company for 15 years, first as director and a member of its Trust Committee and for the past five years as President. Prior to his election to Presidency of the bank, he was President and General Manager of the Rochester Electrical Supply Company, which was purchased in 1930 by the Westinghouse Corporation, and following that, he was President and General Manager of the Thomas W. Finucane Corporation, a real estate corporation. He is President of the Rochester Community and War Chest, and former President of the Rochester Chamber of Commerce.

Other officers elected include Eugene W. Stetson, Chairman of the board, Guaranty Trust Company, New York City, Vice-President, and Stanley A. Neilson, President, Bank of Gowanda, Gowanda, Treasurer.

Security First National Bank Displays



The Security First National Bank of Los Angeles has set up on the bank floor a life-size group of wax figures representing the raising of the flag on Iwo Jima. It is a most impressive display with special lighting and a fan arranged to blow the flag.

ADVERTISEMENT

NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number eighty-six of a series.*
SCHENLEY DISTILLERS CORP., NEW YORK

Colonial Taverns

In a recent article we told you about the first recorded tavern in New Amsterdam under Dutch occupancy way back in 1642—over three hundred years ago. Then, as new colonies were established there were more taverns and each played an important part in the social life of the community.

Before and during the Revolutionary War we find many men of substance and character the proprietors of taverns. Note some of these illustrious names–Samuel Adams, often referred to as the "Father of the Revolution"; Generals Putnam and Sumner; Ethan Allen, one of the immortals of the Revolution; and then earlier, there were William Penn and many more whose names are forever linked with the very foundation of America.

Here in New York we still have Fraunces Tavern and Ye Olde Chop House. After the capture of New York, General Washington on many occasions, made Fraunces Tavern his headquarters. In Philadelphia, too, there was a famous tavern, the Indian Queen, where Thomas Jefferson was living when he framed the first draft of the Declaration of Independence. Thomas Paine is reported to have drawn up its prototype, also in a Philadelphia tavern.

Well, there have been many stirring days in the life of this nation. We have them with us now, haven't we? And, we daresay, mine host in his colonial tavern had his problems, too, because as far back as earliest records we find both *use* and *abuse* of the good things in life.

There is a lot of agitation today, as always, on the subject of "wet" and "dry", but we, like many another country, have tried the experiment of prohibiting the sale of alcoholic beverages. What we actually accomplished was prohibiting the *legal* sale. The *illegal* sale and all of its accompanying horrors are still fresh in our memories. We don't think America wants another dose of *that!*

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Neuberger-Berman to Admit

Neuberger & Berman, 30 Rockefeller Plaza, New York City, members of the New York Stock Exchange will admit Donald F. Hine to partnership in the firm on June 1st.

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Michigan Brevities

Latest crop of rumors to sweep Detroit has to do with the potential activities of the Fisher Brothers. At least one of the rumored moves has been settled affirmatively, a second has an obvious explanation, while the third seems too farfetched to credit.

Talk of Fisher activity in Martin-Parry was confirmed but turned out to be old news. The Fishers have been in Martin-Parry since that firm absorbed the Rex-Aire Company some years ago. In fact, Robert Shields of the Fisher firm has been on the Board of Directors and is Treasurer of the company. Only recent change was the announcement that Edward Fisher would also serve as a director.

Reports of Fisher interests in E. W. Bliss seem to reflect the recent selection of Del Harder, ex-Fisher body official as president of that company.

The third and the most prevalent rumor, that the brothers are going to take an active part in Hudson Motor Company simply lacks any confirmation whatsoever. The Hudson meeting is next Monday and the date for acquisition of voting stock long past, so that any such move would have to be strictly in the future.

* * *

Truscon Laboratories, Inc., Detroit manufacturer of water-proof and damp-proof paints for concrete, steel and masonry, has been acquired by the Devoe & Raynolds Company, one of the oldest names in American business and a leader in the paint and varnish field, it was announced the other day by Elliott S. Phillips, President of Devoe & Raynolds.

The nine-acre plant at Detroit will be known as the Truscon division of Devoe & Raynolds, Phillips revealed.

* * *

Eureka Vacuum Cleaner Co., and the Williams Oil-O-Matic Heating Corp., have called special meetings of their stockholders for May 28 to act upon a proposed merger of Williams Oil-O-Matic into Eureka on the basis of one-half share of Eureka for each share of Williams Oil-O-Matic.

Eureka shareholders will also act on a proposal to purchase 245,000 shares, about 57% of Williams Oil-O-Matic stock for about $1,386,700 and any shares which other stockholders may wish to sell to Eureka at $5.16 a share.

* * *

A. B. Stoves, Inc., of Battle Creek, Mich., will henceforth operate as the A. B. Stoves division of the Detroit Michigan Stove Co., it has been announced.

The plan of reorganization as submitted to A. B. stockholders at a special meeting met with their approval, it was stated.

Wendell L. Smith, President of A-B stoves, was elected executive vice-president and a director of the Detroit Michigan Stove Company. He will continue as executive officer of the new division, which will retain its present personnel.

John A. Fry, President of Detroit Stove Company, said that the move is "The first step in carrying out a comprehensive program for the postwar period."

Short Notes.

Julius Rubiner, Local Manager for J. S. Bache & Company, crossed the 50 mark last week-end. . . . The Detroit Bank made the first local GI business loan — applied for February 15, approved May 1. . . . George Mason, President of Nash Kelvinator, became a director of Pennsylvania-Central Airlines. . . . Donald Valley, Vice-President of the National Bank of Detroit became a director of S. S. Kresge Co., and Chairman Walter Scott McLucas' friends deny that the National Bank's top official will become Secretary of the Treasury as rumored.

* * *

Of the 250,000 shares of National Bank of Detroit stock offered to stockholders at $40 a share, less than 3,500 shares were unsubscribed and turned over to the syndicate headed by Morgan Stanley & Company, which underwrote the offering.

Brokerage circles report that the syndicate finished with a substantial short interest in the stock, which is expected to have a stabilizing effect.

Gibson Returns to Desk At Mfrs. Trust Co.

Harvey D. Gibson returned to active duty this morning as President of Manufacturers Trust Company at his office at 55 Broad Street, after an extended leave of absence in war service abroad. In August, 1942, he was appointed American Red Cross Commissioner for Great Britain, later extended to Western Europe, to organize the welfare work for our armed forces.

Harvey D. Gibson

No small share of the credit for the splendid morale among our armed forces during the war goes to the American Red Cross for its sympathetic and intelligent care of our boys abroad during their moments of leisure. General Eisenhower testified to this in a plaque presented to Mr. Gibson in June last expressing the gratitude of the United States forces for what the Red Cross had done for them.

When Mr. Gibson was last here in January of this year, he announced, with the full agreement of the national Chairman of the American Red Cross, that by May 1st his work as Commissioner would be so far completed and the organization which had been set up so able to carry on the work that was left to be done, that he would feel justified in resuming his active duties in the bank. He left the war zone at 5 minutes past midnight, May 7th, just before unconditional surrender papers were signed and arrived in New York just in time to celebrate V-E Day.

Over Counter Division Over Quota in Drive

The Over-the-Counter Division of the Red Cross 1945 War Fund gratefully announces that they received over 117% of the quota assigned to them. The Committee consisted of Frank Dunne, Dunne & Co., Chairman and Alfred E. Loyd, Co-Chairman, assisted by Wellington Hunter, Hunter & Co.; Herbert Singer, Luckhurst & Co.; Walter G. Schallitz, Security Adjustment Corp.; R. Page Mason, Allen & Co.; Otto Steindecker, New York Hanseatic Corp.; Harry R. Amott, Amott, Baker & Co.; and Hanns E. Kuehner, Joyce, Kuehner & Co.

Connecticut Brevities

The New Haven Water Company sold privately $3,600,000 thirty-five year general and refunding mortgage Series E 3% bonds dated June 1, 1945, due 1980, priced to yield about 2.69%. Proceeds from the above sale are to be used to retire at 105 on June 1, the $3,795,000 general and refunding Series A bonds of 1962. This is in addition to the $41,000 which were called for sinking fund on June 1, at 101.

* * *

Bigelow-Sanford Carpet Co., Inc. reported earnings of 52¢ per share on common stock for the quarter ended March 31, 1945. This compares with 67¢ for the corresponding period last year. Net sales for the first quarter of this year were $9,253,037 against $9,632,989 for the first three months of 1944, while net profit was $202,892 against $252,268, respectively.

* * *

While Colt's Patent Fire Arms Manufacturing Company reported total losses from operations for 1945 of $1,944,386, a net profit of $778,074 was realized during the period from Aug. 14, to the year end. Continuing this trend, the company showed operating earnings, before taxes, for the first 12 weeks of 1945 of approximately $550,000 on a volume of business about 50% less than the corresponding period in 1944 when there was a loss of $485,000.

* * *

Recent additions to the list of legal investments for Connecticut Savings Banks include: New York Central Railroad equipment trust 1⅝s due serially to May 1, 1955; Virginian Railway Co., first and refunding Series B 3s due May 1, 1995; Central Vermont Public Service Corp. first Series D 2¾s of Feb. 1, 1975; New York Power & Light First 2¾s of March 1, 1975, and Pacific Gas & Electric Co. First & Refunding Series M 3s due Dec. 1, 1979.

* * *

The American Paper Goods Co., whose principal plant is located in Kensington, reported net income of $134,586 for the year ended Dec. 31, 1944 against $171,088 in 1943 or earnings per common share of $4.24 and $5.45. Earnings per share on the 7% preferred stock were $126.13 and $160.34, respectively.

* * *

The Connecticut Light & Power Company will redeem on June 1, 1945, the entire issue of first and refunding mortgage 3¼% bonds Series G, due Dec. 1, 1966, at 104½ and accrued interest.

* * *

Total operating revenues of the Hartford Electric Light Company for 1944 were $12,952,806 against $11,922,489 the previous year. However, increased operating expenses, maintenance and taxes, resulted in net income of $2,055,105 which is $45,416 under net for 1943.

* * *

Earnings per share were $2.45 in 1944 and $2.50 in 1943. Dividend rate of $2.75 was maintained in both years.

* * *

Peter Paul, Inc. reported net income of $778,030 for 1944 against $799,033 for the previous year, or $4.98 and $5.25 per share respectively. These figures are based upon 156,204 shares outstanding in 1944 and 152,334 in 1943. The income account for 1944 is subject to renegotiation.

* * *

The SEC has approved of the application of The Torrington Co. to remove the company's stock from listing on the Boston Stock Exchange, subject to the approval by the stockholders of not less than 50% of the total shares outstanding.

* * *

The consolidated income account of the Electric Boat Co. of Groton showed net income of $1,974,713 for 1944 against $1,780,758 for the preceding year. **Earnings on the common stock, excluding postwar refund were $1.90 in 1944 against $1.64 in 1943.** Including postwar refund, earnings were $2.75 and $2.46 respectively. In 1944, 718,225 shares were outstanding, and in 1943, 724,525. Only the figures for 1943 are after renegotiation.

Deere & Co. Debentures Placed on Market

An underwriting syndicate headed by Harriman Ripley & Co., Inc., on May 16 offered to the public a new issue of $19,500,000 of 20-year 2¾% debentures of Deere & Co., manufacturers of farm machinery. The debentures, due April 1, 1965, were priced at 102% and accrued interest from April 1.

The proceeds from the sale of the debentures, with funds to be derived from the sale of $10,500,000 of notes maturing serially through 1952, which the company expects to complete with a group of banks, will provide Deere & Co. with about $30,000,000 to be used for future requirements.

The registration statement shows that an expansion program by the company may include the expenditure of about $10,000,000 for a manufacturing plant at Dubuque, Iowa, and an additional amount for additions to existing properties and equipment.

The outstanding capitalization of the company on April 1, last, after giving effect to the present financing, consists of: the serial notes, the 2¾% debentures, 1,550,000 shares of 7% preferred stock and 3,007,908 shares of common stock.

Douglass & Evans Visiting La Salle and Wall Streets

LOS ANGELES, CALIF.—Nelson Douglass, Jr., president, and Russell E. Evans, vice-president, of Nelson Douglass & Co., 510 South Spring Street, left on May 13th for a month's trip in the east. They will spend most of their time in Chicago and New York City visiting the financial district.

Hearing Again Postponed

The hearing scheduled to determine whether to suspend or revoke the broker-dealer registration of Ira Haupt & Co., 111 Broadway, New York City, has again been postponed by the Securities and Exchange Commission. It is now scheduled for June 1st.

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Alan Temple Holds Inflation Will Be Checked

National City Bank Official Points to Nation's Large Productive Capacity and Savings "Complex" as Factors Curtailing Runaway Prices

At the symposium on "Post-War Inflation" conducted by the New York Chapter of American Statistical Association in the Hotel Sheraton on May 3, Alan H. Temple, Vice-President of the National City Bank of New York, took what he called a "moderate view of the post-war price situation." He decried the fear of runaway prices, in spite of the fact that since the outbreak of the war bank deposits and currency in circulation has trebled. He stated that he "recognized the magnitude of the danger toward inflation which this large supply of money entails," but since "the influence of the money supply on prices is exerted only as the money is spent" much will depend on the spending propensities of the public after the war is ended, and the supply of commodities and goods which can be offered to meet the public's power to purchase. He maintained that it is reasonable to assume that the people will seek to retain a large part of their holdings of cash assets, and that there will be no propensity toward "fleeing from the dollar." He likewise maintained that there will also be no special inducements to lead the public into converting cash holdings into securities, real estate, or durable consumers' goods. People, he said, would still be inclined to conserve their cash for future services and consumption.

Alan H. Temple

Mr. Temple thus concluded that "these moderating influences would support a view that the country may get through the dangerous period of threatened post-war price rises and emerge from the present situation without further price advance of disturbing magnitude." This however, he warned, "does not justify complacence, if the Federal Government continues deficit financing indefinitely, as it may if it assumes responsibility for guaranteeing full employment, the increase in the money supply may go on continuously. At some point in such a process all restraints would be broken down."

Now Burke & McDonald

KANSAS CITY, MO.—Callender, Burke & MacDonald will change their firm name to Burke & MacDonald, about June 1st, it is understood. The firm will move their offices to the ground floor of the Fidelity Building, 907 Walnut Street.

Tegeler Heads War Fin. Group in St. Louis

ST. LOUIS, Mo. — The Seventh War Loan Drive got under way May 14 in St. Louis with a luncheon at the Jefferson Hotel arranged jointly by the members Assembly of the St. Louis Chamber of Commerce and the Metropolitan St. Louis War Finance Committee of which J. F. Tegeler of Dempsey, Tegeler & Co., investment dealers, is Chairman. St. Louis investment firms have been allotted $17,500,000 bonds to sell and activities of this division have been placed in charge of the following who are designated as "Syndicate Managers"; A. B. Tilghman, A. G. Edwards & Sons, Chairman; E. K. Hagemann, G. H. Walker & Co.; Theo. C. Honig, White & Co.; Bert H. Horning, Stifel, Nicolaus & Co., Inc.; Harold Hanser, Zoernig, Hanser & Co., Inc., Andrew Mills, Newhard, Cook & Co.; Albert Theis, Jr., Albert Theis & Sons, Inc..

Jerome F. Tegeler

John E. Sloane With Daniel F. Rice & Co.

Daniel F. Rice and Company of Chicago announce that John E. Sloane has joined their organization as co-manager of their New York office at 14 Wall Street.

Mr. Sloane was formerly head of John E. Sloane & Co. specializing in railroad bonds. For several years he was a member of the Regional Committee of the National Association of Securities Dealers and a member of the board of governors and treasurer of the New York Security Dealers Assocation.

New York Stock Exchange Weekly Firm Changes

William C. Ridgway, Jr., member of the Exchange, and Allan A. Ryan, Jr., a special partner, will retire from Gammack & Co. on May 18th, as of which date Aldo R. Balsam will become a special partner.

Edmund C. Coultry, a member of the exchange, retired from Sincere & Co. on May 8th.

Interest of the late Buchanan Houston in H. T. Carey, Joost & Patrick ceased on May 8th.

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Missouri Brevities

Underwriting Activities of Missouri Dealers

Underwriting participations of Missouri dealers during recent weeks have been the highest experienced in many years and fully reflect the extremely active new issue market. The following summary is not intended to be complete but is included to show, in some measure at least, the wide interests of Missouri investment houses.

Halsey, Stuart & Co., Inc. of New York and **Mellon Securities Corporation of Pittsburgh** headed an underwriting group offering **$60,000,000 The Virginian Railway Company First Lien & Refunding 3%, 1995.** Missouri dealers included **Baum, Bernheimer Company** and **Stern Brothers & Co. of Kansas City; Metropolitan St. Louis Company, Reinholdt & Gardner, I. M. Simon & Co.** and **Stix & Co. of St. Louis.**

* * *

Halsey, Stuart & Co., Inc. of Chicago headed the underwriting group which offered **$58,000,000 The New York, Chicago and St. Louis Railroad Company Refunding Mortgage 3¼%, 1980.** Missouri dealers included **Baum, Bernheimer Company, Kansas City; I. M. Simon & Co.** and **Stifel, Nicolaus & Co., Inc., St. Louis.**

* * *

Paul H. Davis & Co. of Chicago headed an underwriting group offering **160,000 shares of Wells-Gardner & Co.** common stock. **Taussig, Day & Company, Inc. of St. Louis** were included.

* * *

Goldman, Sachs & Co. of New York headed the underwriting group which offered **$35,000,000 The B. F. Goodrich Company First Mortgage 2¾%, 1965.** Missouri dealers included **Newhard, Cook & Co. of St. Louis** and **Stern Brothers & Co. of Kansas City.**

* * *

Dillon, Read & Co., Inc. of New York headed the underwriting group which offered **$35,000,000 Tennessee Gas and Transmission Company First Mortgage Pipe Line 3%, 1965** and **75,000 shares 5% Cumulative Preferred Stock, $100 par.** Missouri dealers included **Newhard, Cook & Co., Reinholdt & Gardner, I. M. Simon & Co., Smith, Moore & Co., Stifel, Nicolaus & Co., Inc., Stix & Co., G. H. Walker & Co. all of St. Louis.**

* * *

Kidder, Peabody & Co. of New York were head underwriters of 95,978 shares of **Link-Belt Company Common Stock. Reinholdt & Gardner** and **G. H. Walker & Co. of St. Louis were among the underwriters.**

* * *

Harriman, Ripley & Co. of New York headed the underwriting group which offered **$50,000,000 Joseph E. Seagram & Sons, Inc. Debenture 3¼s, 1965. Reinholdt & Gardner, Smith, Moore Co.** and **G. H. Walker & Co. of St. Louis** were included in the underwriting group.

* * *

Kuhn, Loeb & Co. and **Lehman Brothers of New York** headed the underwriting group for **300,000 shares Tide Water Associated Oil Company $3.75 Cumulative Preferred Stock. Newhard, Cook & Co., I. M. Simon & Co.** and **G. H. Walker & Co. of St. Louis were included.**

Sterling Aluminum Election

Horace Duncan, formerly Secretary and Treasurer, has been elected President and Treasurer of Sterling Aluminum Products, Inc., succeeding John Flammang. W. F. Kammermeyer was elected secretary. All directors were reelected including Flammang.

Boatmen's National Dividends

Boatmen's National Bank of St. Louis has paid a 20% stock dividend on its capital stock as of May 1 and is continuing the regular 40¢ quarterly rate on the increased stock, directors having de-

(Continued from page 2171)

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Missouri Brevities

(Continued on page 2172)

clared this amount payable July 1 to stock of record June 20.

* * *

Stix, Baer & Fuller to Expand

In connection with the issuance of its Annual Report for the fiscal year ended Jan. 31, 1945, Stix, Baer & Fuller, St. Louis, department store, discloses that its post-war program calls for expenditure of $2,000,000 for enlargement of the store and further modernization as well as other plans not divulged. Net earnings were $1,140,454 before contingency reserve of $250,000 compared with earnings of $860,298 and contingency reserve of $100,000 in the preceding year. Net per share of Common stock in the latest period was $3.47 before the reserve and $2.61 after it as against $2.50 before the reserve and $2.15 after reserve in 1944. Current assets totaled $8,928,889, including cash of $3,510,929, and compared with current liabilities of $3,423,266, a ratio of 2.61 to 1.

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Railroad Securities

New York, Chicago & St. Louis

The recent refunding of the 4½% bonds of the Nickel Plate into Series E 3¼s, due 1980, draws attention to the successful solution to its financial problems. The ability to sell a 3¼% issue at 101 is a far cry from the 1930s when at three year intervals the Nickel Plate was subject to recurring financial crises as the 6% notes then outstanding became due. Nickel Plate has always been a profitable property. Fortunately the road consists primarily of main line mileage serving the northern tier of the industrial central States with very little passenger traffic. With very few grades or curves there are no operating problems of magnitude, and as a consequence even in the middle 30s the road was usually able to report operating ratios of 70 or less, and during the war period was able to bring its operating ratio down into the low 50s.

Throughout the 1930s Nickel Plate was able to average some $10 million available for the then fixed charges of $7.5 million. Since 1934 it has earned fixed charges in every year except 1938, when $6.41 million was earned, equivalent to a coverage of 0.85 times. During the war period earnings improved substantially, although it was one of the first carriers to be limited by heavy excess profits taxes. For instance, in 1943 and 1944 Federal income taxes totaled $22.5 million and $18.7 million, respectively, as compared with $14.7 million and $12.5 million available for charges. This provides Nickel Plate with a substantial cushion when post-war traffic reflects lowered war manufacturing activity.

As a result of a policy of gradual debt reduction, working capital of the Nickel Plate has remained very constrained, and as of Jan. 31, 1945, stood at $3.8 million. However, as of the end of 1944 net amortized investment in emergency facilities permitted under certificates of necessity totaled $14.2 million, so that net working capital will be markedly improved when this carrier is able to apply 60% or thereabouts of this amortized investment towards 1945 tax accruals and will automatically increase by some $8 million.

In 1936 to 1944, inclusive, Nickel Plate retired $40.6 million of debt, offset in part by a loss of working capital of $3.1 million. The combined improvement was $37.5 million, which was 23.5% of the total amount of funded debt outstanding at Dec. 31, 1936. During this period gross capital expenditures of the Nickel Plate amounted to $37.7 million, or $16,785 per equated track mile, an unusually large amount for a carrier of this sort.

Following the sale of the recent 3¼s, capitalization now consists of $42 million of series D 3¾s, $58 million series E 3¼s, $15.7 million of equipment trust certificates, 360,577 shares of preferred, and 337,467 shares of common. Fixed charges have been reduced from $7.42 million at the end of 1934 to $3.81 million, giving effect to the sale of the 3¼s. There are additional interest savings in prospect, since in all probability the 3¾s sold last year may also be refunded into 3¼s, with the resultant saving of an additional $290,000 in interest, or fixed charges of approximately $3.5 million.

The bonds themselves are high-grade institutional issues and fixed charges should be covered two times or more in the worst conceivable year anticipated. The preferred stock, selling currently at 126½, from which should be deducted dividend accumulations of $82.50 per share, seems unusually attractive. Dividend requirements on this stock require $2.19 million, which is far less than the interest saving already accomplished under the debt retirement program previously referred to.

We estimate that these dividends should be covered post-war by about four times, based upon an anticipated gross of $75 million and an operating ratio of 65%, with rental debits and taxes absorbing 7% and 13% of gross, respectively.

In the relatively near future dividends should be inaugurated on this stock and steps taken to clear up the arrearages either in the form of offering a new preferred stock with a lower coupon or new common stock in payment of arrears. The stock possesses more than average appeal to the investor.

The common is selling above the preferred, giving due weight to the accumulations involved. The stock is attractive, speculatively speaking, in the event that the ICC withdraws its request that Alleghany retire from the C. & O. picture and thus make possible an overall merger of the Pere Marquette, Nickel Plate and the C. & O. with other units such as Wheeling & Lake Erie, and Pittsburgh & West Virginia.

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REDEMPTION NOTICE

To the Holders of

LOUISVILLE AND NASHVILLE RAILROAD COMPANY

Unified Mortgage 4% Bonds with Extension Agreements of Series B
due January 1, 1960 attached

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Supplemental Indenture dated January 1, 1940 between Louisville and Nashville Railroad Company and Central Hanover Bank and Trust Company, as Trustee, supplemental to Unified Mortgage dated June 2, 1890 from Louisville and Nashville Railroad Company to Central Trust Company of New York, as Trustee, the undersigned has elected to redeem out of unexpended Sinking Fund monies on deposit with the Sinking Fund Agent and does hereby call for redemption and payment on July 1, 1945, $167,000 principal amount of bonds as indicated below at 104% of the principal amount thereof and accrued interest on the principal amount to the date of redemption. The serial numbers of the bonds to be redeemed have been drawn by lot by Central Hanover Bank and Trust Company as Sinking Fund Agent, and are numbered as follows:

Unified Mortgage 4% Bonds with Extension Agreements of Series B attached in coupon form in the denomination of $1,000 each, all prefixed with the letter B

41	1311	2863	5092	7119	8997	10697	13530	15378	16830	18653	21549	23058
158	1354	2969	5202	7330	9507	10745	13581	15491	17124	18761	21671	23150
256	1379	3029	5356	7687	9831	10874	13613	15686	17241	19031	21946	23548
412	1411	3520	5526	7771	9980	10918	13674	15957	17598	19108	22095	23674
455	1454	3546	5546	7805	10038	10943	13746	16146	17961	19199	22064	23882
496	1572	3626	6051	7844	10041	11313	14256	16165	18009	19222	22111	24267
590	1583	3710	6068	8068	10052	11375	14387	16327	18020	19369	22544	24329
600	1671	3787	6404	8070	10378	11767	14684	16435	18090	20385	22621	24369
1004	2170	3804	6454	8238	10512	11864	14763	16438	18238	20830	22915	24659
1100	2330	4022	6584	8526	10514	12553	14786	16691	18247	20911	22938	25039
1185	2714	4290	6662	8578	10530	12961	14835	16692	18349	21362	22959	25160
1296	2777	5080	6893	8687	10541	13087	15270	16782	18626	21401	22985	

Unified Mortgage 4% Bonds with Extension Agreements of Series B attached in fully registered form without coupons

BM 19	$1,000	BM 21	$1,000	BX 40	$6,000 out of $10,000
BM 20	1,000	BM 108	1,000	BX 75	2,000 out of 10,000

On July 1, 1945, the above described Unified Mortgage 4% Bonds with Extension Agreements of Series B attached in coupon form in the denomination of $1,000 each, and the Unified Mortgage 4% Bonds with Extension Agreements of Series B attached in fully registered form without coupons, will become due and payable at 104% of the principal amount thereof and accrued interest on such principal amount to the date of redemption at the office of the undersigned, Room 900, 71 Broadway, New York City 6, New York, and interest on said Bonds so called for redemption will cease to accrue from and after said date. Said Unified Mortgage 4% Bonds with Extension Agreements of Series B attached in coupon form should be presented for redemption and payment at said office of the undersigned on July 1, 1945 accompanied by the interest coupons maturing January 1, 1946 and all subsequent coupons. The coupons due July 1, 1945 appurtenant to said Unified Mortgage 4% Bonds with Extension Agreements of Series B attached called for redemption should be presented for collection in the usual manner. The Unified Mortgage 4% Bonds with Extension Agreements of Series B attached in fully registered form which have been called for redemption should be presented in negotiable form.

On May 14, 1945, Bonds bearing the following distinctive numbers of the above issue previously called for redemption had not been presented for payment:

BOND NUMBERS

B5478, B5690, B8749, B9788, B19449, B19470, B20026, B20028

LOUISVILLE AND NASHVILLE RAILROAD COMPANY
By: W. J. McDonald, Vice-President

DATED: May 14, 1945.

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Holds Corporate Cash Balances Not Excessive

Friedrich A. Lutz, in Recent Study Says Increased Cash Will be Needed to Finance Expected Payments—Points to Rapid Absorption of Liquid Funds After Last War.

In a study, **Corporate Cash Balances, 1914-43,** just published by the National Bureau of Economic Research, Professor Friedrich A. Lutz of the Institute for Advanced Study and Princeton University concludes that the size of the present holdings of cash and marketable securities that have been swollen as a result of the impact of the war is not an index of the capacity of business to finance its reconversion to peacetime activities.

Friedrich A. Lutz

Study Finds Little Excess Cash

On the basis of a sample of the country's largest manufacturing corporations, Dr. Lutz finds that the ratio of cash balances to payments in 1943 was not much higher than in 1937 when the ratio was the lowest since 1929. By this standard of comparison he decides it cannot be maintained that these corporations had any excess cash liquidity at the end of 1943.

The study is published in the National Bureau's series in business financing. It is one of several reports on the impact of the war on business financial structure and was prepared with the support of a grant from the Carnegie Corporation of New York. Professor Lutz is a member of the economics staff of the Institute for Advanced Study where he is on leave from Princeton University..

Increased Cash Needed to Finance Expected Payments

If all liquid funds (cash plus marketable securities) are taken into consideration, the study points out that their ratio to payments was considerably higher in 1943 than in 1937, when it was the lowest for the entire period 1916-43. But in 1943 factors were present which necessitated a higher liquidity of corporations, the most important of them being increased tax liabilities.

When these various factors are taken into account, it appears that large manufacturing corporations have not increased their liquidity beyond what was necessary to provide for expected payments. After the war, however, when reconversion sets in on a large scale these firms may draw on cash or marketable securities for the purpose of financing reconversion, if some of the factors that necessitated a high liquidity position in 1943 disappear, or at least dimminish in importance. Whether funds from these sources, together with those the corporations may expect from the government following contract termination and tax refunds, will be sufficient for reconversion needs cannot be precisely estimated.

Medium and small manuftcuring corporations have also had a decided increase in their liquidity whether judged by cash holdings alone or by the ratio of cash plus marketable securities to payments. Corporations of all sizes engaged in trade have improved their liquidity position and have experienced a decrease in receivables and a decline in fixed property due to postponement of repairs and replacements.

Free Liquid Funds Absorbed After World War I

Dr. Lutz also states that neither large nor medium-sized and small manufacturing corporations built up ● special **cash** liquidity during World War I. The ratio of cash plus marketable securities to payments for large manufacturing corporations was higher at the end of World War I than at the beginning, indicating that a certain amount of "free" liquid funds were available at the close of the war. Medium-sized and small manufacturing corporation also possessed such free funds.

However, when the war was over it was discovered that these funds had to be used by large manufacturing corporations mainly to discharge tax liabilities, and the postwar inventory boom that that set in had to be financed primarily by securities issues and by manufacturing corporation also bank credit.

Lifsey Opens Tallahassee Branch Under Wm. Cates

TALLAHASSEE, FLA. — Truman A. Lifsey Company, Palm Beach investment firm, has opened a branch here in the Hall Building under the management of William H. Cates. Mr. Cates was formerly with the State Treasurer's office. Mr. Cate's association with Truman A. Lifsey Company was previously reported in the Financial Chronicle of February 22nd.

NOTICE OF REDEMPTION

To the Holders and Registered Owners of

READING COMPANY

General and Refunding Mortgage Four and One-Half Per Cent. Gold Bonds, Series A, due January 1, 1997

General and Refunding Mortgage Four and One-Half Per Cent. Gold Bonds, Series B, due January 1, 1997

NOTICE IS HEREBY GIVEN, pursuant to the provisions of Article Four of the Mortgage and Deed of Trust dated January 2, 1924, of Reading Company to Central Union Trust Company of New York (now Central Hanover Bank and Trust Company), Trustee, and the provisions of the above mentioned Bonds secured by said Mortgage and Deed of Trust, that Reading Company has elected to redeem, and will pay and redeem on July 1, 1945, all of its General and Refunding Mortgage Four and One-Half Per Cent. Gold Bonds of Series A and Series B, and on said date there will become and be due and payable upon each of said Bonds so to be redeemed, at the office of Central Hanover Bank and Trust Company, 70 Broadway, New York 15, N. Y., one hundred five per cent. (105%) of the principal amount thereof, together with accrued interest to July 1, 1945, and said Bonds are required to be then presented at said office for payment and redemption.

Coupon Bonds must be accompanied by all coupons thereto appertaining, maturing on and after July 1, 1945. Bonds in fully registered form, or in coupon form registered as to principal, must be accompanied by properly executed instruments of assignment and transfer in blank. Proper ownership certificates covering July 1, 1945, interest coupons should accompany the Bonds when presented for payment.

Interest on all Bonds hereby called for redemption will cease to accrue from and after July 1, 1945, and any interest coupons maturing after said redemption date which appertain to said Bonds in coupon form shall be void.

READING COMPANY

May 2, 1945.

By R. W. BROWN, *President.*

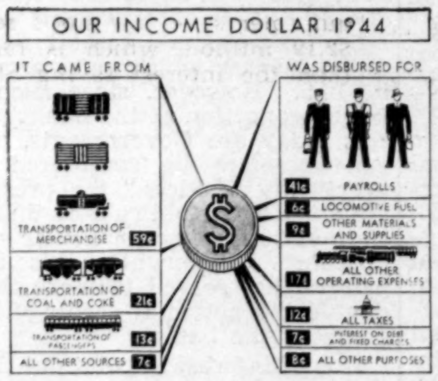
PREPAYMENT PRIVILEGE

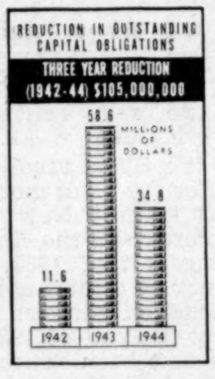
Holders and registered owners of the above mentioned Reading Company General and Refunding Mortgage Four and One-Half Per Cent. Gold Bonds of Series A and Series B, called for redemption on July 1, 1945, may at any time on and after May 2, 1945, obtain payment of the redemption price of said Bonds, together with interest accrued to July 1, 1945, upon surrender of their Bonds in the above manner.

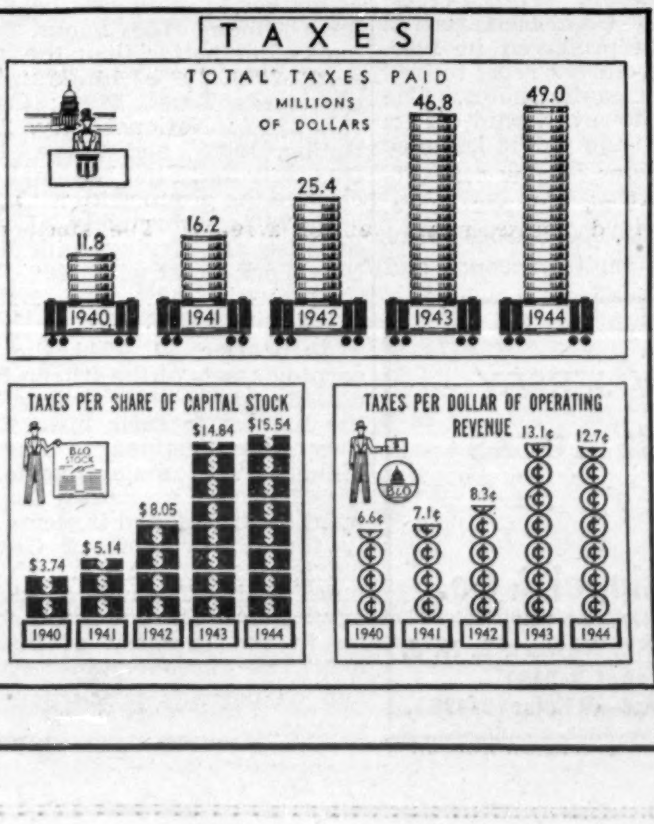
THE BALTIMORE AND OHIO RAILROAD COMPANY

Summary of the 118th Report—Year ended December 31, 1944

	Year 1944		Compared with 1943
EARNINGS:			
From operations—transporting freight, passengers, mail, express, etc.	$387,193,036	I	$29,050,884
From dividends and interest on securities owned, rents, etc.	7,741,295	D	896,674
Total	$394,934,331	I	$28,154,210
EXPENSES:			
Payrolls, fuel, material, etc.	$287,068,754	I	$36,484,401
Taxes	48,984,845	I	2,227,636
Equipment and Joint Facility Rents	9,823,057	I	890,685
	$345,876,656	I	$39,602,722
Other charges—principally rent for leased roads and equipment, interest on debt, etc.	28,143,237	D	1,853.470
Total	$374,019,893	I	$37,749.252
Net Earnings	$ 20,914,438	D	$ 9,595,042
DISPOSITION OF NET EARNINGS:			
Additions and betterments to Company property	$ 4,906,110	D	$ 146,370
Appropriated for sinking and other reserve funds—to retire debt	8,021,881	D	11,097,232
Other Appropriations	45,188	I	1,309
Added to the Company's surplus	7,941,259	I	1,647,251
Total	$ 20.914.438	D	$ 9,595,042







Freight and passenger traffic handled in 1944 exceeded all previous records, due largely to the heavy tonnage of war supplies, troop movements and other war travel. Totals were 147,314,981 tons and 14,303,937 passengers. The tremendous task of moving this extremely heavy traffic volume was accomplished through the continued cooperation of the various agencies of the Government, shippers, and the public generally, in the conservation of equipment and manpower and in meeting the unusual war-time conditions. Operating Revenues — $387,193,036, and Operating Expenses — $287,068,754 — were highest in the Company's history.

The Company's tax bill at $48,984,845, was larger in 1944 than ever before. During 1944 debt of the Company was reduced by $34,801,828. Total debt reduction during the last three years was more than $105,000,000.

The President and Directors acknowledge with grateful appreciation the loyalty and cooperation of stockholders and others interested in the Company's success; the Army, Navy and other agencies of the Government; our patrons, whose patriotic understanding of present day conditions has been most helpful; and, the officers and employees, without whose enthusiastic support we could not have accomplished the tremendous task of 1944.

More than 16,000 employees of the Company have been furloughed for military service and more than 150 of these have given their lives for their country.

R. B. White, *President*

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Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

Over the past ten years New York City commercial banks have registered great progress. Deposits have more than doubled, loans and investments have kept pace, while capital funds have been soundly strengthened.

The ten year growth in important items for a group of fifteen leading "Wall Street" banks is shown in the following tabulation:

December 31—	Deposits	Govt. Securities	Loans & Discounts	Total Earning Assets	Cash
		($000,000 omitted)			
1934	9,409	3,390	3,137	7,929	2,951
1935	10,751	3,683	3,371	8,470	3,782
1936	11,665	4,059	3,779	9,360	3,841
1937	10,647	3,453	3,623	8,429	3,794
1938	11,584	3,740	3,146	8,325	4,782
1939	14,215	4,656	3,120	9,260	6,494
1940	17,349	5,889	3,176	10,738	8,151
1941	17,465	7,040	3,838	12,636	6,418
1942	20,857	11,620	3,807	16,902	5,567
1943	21,819	13,382	4,075	18,671	4,959
1944	25,155	15,780	5,416	22,451	4,678
% Growth	167.4%	365.5%	72.6%	183.2%	58.5%
$ Growth	$15,746	$12.390	$2,279	$14,522	$1,727
Average Annual Gain	16.74%	36.55%	7.26%	18.32%	5.85%

Deposits, it will be noted, have grown 167.4%, whereas total earning assets have increased 183.2%, which indicates that the banks are more fully invested today than was the case ten years ago. In 1934 total earning assets represented 84.2% of deposits, and cash 31.3%, while at the end of 1944 the percentages were 89.5% and 18.6%, respectively.

Another point worthy of note is that in 1934 Governments accounted for 42.8% of total earnings assets, loans for 39.5% and other earning items for 17.7%, while at the end of 1944 the percentages were 70.3%, 24.1% and 5.6%, respectively. It is also of interest to observe that in 1937 loans and discounts exceeded Government holdings, and furthermore that, contrary to what seems to be the general impression, loans and discounts have shown a steady gain since the low year of 1939.

It is now of interest to tabulate the ten year growth that has taken place in capital funds, for the same group of fifteen banks, as follows:

December 31—	Capital	Surplus & Undivided Profits	Total Capital Funds
1934	$625,455,000	$731,671,000	$1,357,126,000
1935	625,455,000	752,397,000	1,357,852,000
1936	507,980,000	900,154,000	1,408,134,000
1937	508,689,000	925,666,000	1,434,355,000
1938	508,513,000	931,546,000	1,440,059,000
1939	508,387,000	939,827,000	1,448,214,000
1940	508,018,000	965,477,000	1,473,495,000
1941	508,161,000	1,001,703,000	1,509,864,000
1942	507,863,000	1,030,965,000	1,538,833,000
1943	510,075,000	1,133,753,000	1,643,828,000
1944	525,508,000	1,205,522,000	1,731,030,000
$ Change	—$99,947,000	+$473,851,000	+$373,904,000
% change	--- 16.0%	+ 64.8%	+ 27.6%

The aggregate capital of the fifteen banks is approximately $100,000,000 lower than it was ten years ago. It will be recollected that right after the bank moratorium in 1933 several New York banks, in accord with the Emergency Banking Act of 1933, sold preferred stock or capital notes to the Reconstruction Finance Corporation. By the end of 1936 all such capital had been retired by the fifteen banks included in the above tabulation. Thus, Chase and National City each retired $50,000,000 of preferred in 1936, while Manufacturers Trust retired $25,000,000 of capital notes. The latter bank, however, paid off its notes through the public issuance of 500,000 shares of new convertible preferred at $50 per share, totalling $25,000,000; $10,000,000 of this went to capital account and $15,000,000 to surplus account. The number of shares outstanding is being reduced year by year from the original 500,000 and now stands at approximately 385,600.

Capital increases since 1936 comprise the following: In 1943 New York Trust increased its capital from $12,500,000 to $15,000,000 through the issuance of 100,000 new shares; in 1944, Chase increased capital from $100,270,000 to $111,000,000 through a change of par from $13.55 to $15 and Bankers Trust increased its capital from $25,000,000 to $30,000,000 by a 20% stock dividend; in 1945 Public National increased capital from $7,000,000 to $7,700,000 through a 10% stock dividend.

Surplus and undivided profits over the period have increased 64.8% and total capital funds 27.6%. This growth has by no means kept pace with the 167.4% expansion in deposits. In 1934 deposits were $9,409,000,000 and capital funds $1,357,126,000, which gave a ratio of deposits to capital of only 6.9% in 1944, deposits were $25,155,000,000 and capital funds $1,731,030,000, which gives a ratio of 14.5. However, since such a large proportion of the banks' assets today are Governments, and can therefore be considered as practically 'riskless," the present violation of the old rule-of-thumb ratio of 10 is of no particular significance. Meanwhile this expansion has served to more than double the potential earning leverage of the banks.

It is of interest to point out that the percentage growth of earning assets has by no means been uniform among the banks. Five banks did better than the group gain of 183.2% as follows: Manufacturers Trust, 249%; Chemical, 220%; National City, 218%; Public, 198%, and Chase, 195%. Guaranty and First National came close to the group gain, with 180% and 178%, respectively. Low on the list are, Irving with 150%, New York Trust with 146%, U. S. Trust with 132% and Bankers Trust with 113%.

As of Dec. 31, 1944, the total earning assets of the fifteen banks considered in this review were the highest in their history, and they seem destined to rise still higher. The major portion of these earning assets are Government securities, and it seems likely that the volume of Governments must remain at a high level indefinitely. The next substantial expansion in earning assets should be in the category of business loans, as reconversion advances and as postwar production progresses.

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The Anglo-Swedish Monetary Agreement

(Continued from page 2165)

Monetary Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Sweden.

London, 6th March, 1945

The Government of the United Kingdom of Great Britain and Northern Ireland of the one part, and the Government of Sweden of the other part, have agreed as follows:

Article 1

(i) The rate of exchange between the Swedish krona and the £ sterling shall be Swedish Kronor 16.90=£1.

(ii) This rate (hereinafter referred to as "the official rate") shall not be varied by either of the Contracting Governments except after giving to the other as much notice as may be practicable.

(iii) In all territories where they have jurisdiction the Contracting Governments shall enforce the use of the official rate as the basis of all transactions involving a relationship between the two currencies.

(iv) The Bank of England and Sveriges Riksbank, as agents of their respective Governments, shall fix by mutual agreement the maximum spread above or below the official rate which will be authorized on the markets which they control.

Article 2

(i) The Bank of England (acting as agents of the Government of the United Kingdom) shall sell to Sveriges Riksbank (acting as agents of the Swedish Government), against Swedish kronor to be credited at the official rate to the Bank of England's No. 1 Account with Sveriges Riksbank, such sterling as may be required for payments which residents of Sweden, under the exchange regulations in force in Sweden, are permitted to make to residents of the sterling area.

(ii) Sveriges Riksbank (acting as agents of the Swedish Government) shall sell to the Bank of England (acting as agents of the Government of the United Kingdom), against sterling to be credited at the official rate to Sveriges Riksbank's No. 1 Account with the Bank of England, such Swedish kronor as may be required for payments which residents of the sterling area, under the exchange regulations in force in that area, are permitted to make to residents of Sweden.

Article 3

(i) The Bank of England shall have the right at any time to sell to Sveriges Riksband against all or part of the sterling balances held by that bank either Swedish kronor at the official rate or gold to be set aside at the Bank of England in London.

(ii) Sveriges Riksbank shall have the right at any time to sell to the Bank of England against all or part of the Swedish kronor balances held by that bank either sterling at the official rate or gold to be set aside at Sveriges Riksbank in Stockholm.

(iii) Gold set aside in Stockholm in accordance with the provisions of this article shall be at the Bank of England's free disposal and may be exported.

(iv) Gold set aside in London in accordance with the provisions of this article shall be at Sveriges Riksbank's free disposal and may be exported.

Article 4

(i) The Government of the United Kingdom shall not restrict the availability of sterling at the disposal of residents of Sweden for making—

(a) transfers to other residents of Sweden;

(b) payments to residents of the sterling area; or

(c) transfers to residents of countries outside Sweden and the sterling area to the extent to which these may be authorized by the United Kingdom Government under the arrangements contemplated in Article 8 (iii) hereof.

(ii) The Swedish Government shall not restrict the availability of Swedish kronor at the disposal of residents of the sterling area for making—

(a) transfers to other residents of the sterling area;

(b) payments to residents of Sweden; or

(c) transfers to residents of countries outside the sterling area and Sweden to the extent to which these may be authorized by the Swedish Government under the arrangements contemplated in Article 8 (iii) hereof.

Article 5

To the extent to which Sveriges Riksbank require sterling area currencies, other than sterling, for the purpose of providing for payments in the countries where such currencies are legal tender, Sveriges Riksbank shall purchase them through the Bank of England against payment in sterling.

Article 6

The Contracting Governments shall cooperate with a view to assisting each other in keeping capital transactions within the scope of their respective policies, and in particular with a view to preventing transfers which do not serve direct and useful economic or commercial purposes.

Royal Bank of Scotland
Incorporated by Royal Charter 1727
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49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
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TOTAL ASSETS
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Associated Banks:
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BANK OF
NEW SOUTH WALES
(ESTABLISHED 1817)
Paid-Up Capital £8,780,000
Reserve Fund 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000
Aggregate Assets 30th Sept., 1944 £208,627,093
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Article 7

Any sterling held by Sveriges Rikesbank shall be held and invested only as may be agreed by the Bank of England, and any Swedish kronor held by the Bank of England shall be held and invested only as may be agreed by Sveriges Riksbank.

Article 8

(1) If, during the currency of this Agreement, either of the Contracting Governments adheres to a general international monetary agreement, the terms of the present Agreement shall be reviewed with a view to making any amendments that may be required.

(ii) While the present Agreement continues in force the Contracting Governments shall cooperate to apply it with the necessary flexibility according to circumstances. The Bank of England and Sveriges Riksbank, as agents of their respective Governments, will maintain contact on all technical questions arising out of the Agreement and will collaborate closely on exchange control matters affecting the sterling area and Sweden.

(iii) As opportunity offers the Contracting Governments shall seek with the consent of the other interested parties—

(*a*) to make Swedish kronor at the disposal of residents of the sterling area and sterling at the disposal of residents of Sweden available for making payments of a current nature to residents of countries outside the sterling area and Sweden; and

(*b*) to enable residents of countries outside the sterling area and Sweden to use sterling at their disposal to make payments of a current nature to residents of Sweden and to use Swedish kronor at their disposal to make payments of a current nature to residents of the sterling area.

(iv) Notwithstanding that each of the Contracting Governments shall be alone responsible for its monetary relations with third parties, they shall maintain contact wherever the monetary relations of the one affect the interests of the other.

Article 9

For the purposes of the present Agreement—

(i) The expression "the sterling area" shall have the meaning from time to time assigned to it by the exchange control regulations in force in the United Kingdom.

(ii) Transactions entered into by the Bank of England and Sveriges Riksbank are to be considered as transactions between the sterling area and Sweden.

(iii) Transactions entered into by the Government of any territory within the sterling area or by the Swedish Government are to be considered as transactions entered into by a resident of the sterling area or Sweden, respectively.

Article 10

The present Agreement, which shall be subject to review and adjustment after mutual consultation, shall be deemed to have come into force on the first day of January, 1945. At any time thereafter either Contracting Government may give written notice to the other of its intention to terminate the Agreement and the Agreement shall cease to have effect three months after the date of such notice. It shall terminate five years after the date of its coming into force unless twe two Contracting Governments agree otherwise.

In witness whereof, the undersigned, duly authorized by their respective Governments, have signed the present Agreement and have affixed thereto their seals.

Done in London, in duplicate, the 6th day of March, 1945.

(L. S.) ANTHONY EDEN.
(L. S.) ERIK BOHEMAN.

Theron Locke Joins Bear, Stearns Dept.

Bear, Stearns & Co., 1 Wall Street, New York City, members of the New York Stock Exchange, announce that Theron W. Locke is now associated with the firm in the investment research department. Mr. Locke was formerly chief statistician of the trust department of the Manufacturers Trust Company, and more recently was in the commercial and industrial research department of the Vick Chemical Company.

Reynolds & Co. Offers Solar Aircraft Preferred

A banking group headed by Reynolds & Co., on May 14 offered 100,000 shares of 90-cent cumulative convertible preferred stock (par value $15) of Solar Aircraft Co. The shares were priced to the public at $16.625.

Net proceeds from the sale of these shares will be added initially to working capital and used in connection with financing wartime operations and in connection with the transition from wartime to peacetime operations. Part of the proceeds will be used to redeem 18,451 outstanding shares of series A preferred stock at $8 per share plus accrued and unpaid dividends.

Lear, Inc. Common Stk. Offered by Bkg. Group

Offering of 450,000 shares of common stock of Lear, Inc., was made May 15 by a banking group headed by Kobbe, Gearhart & Co. The shares were priced to the public at $5. Of the total issue 400,000 shares are being sold by the company and the balance is being sold for the account of two trustees under a trust agreement made with William P. Lear, President of the company.

Proceeds of the issue will be used to augment working capital, finance accounts receivable arising from war business, convert and expand plants to peace-time operations, purchase certain equipment which the company now holds under lease from the Government, and for other corporate purposes.

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As our
Second Century Begins

On May 17th, this bank becomes one hundred years old.

With our country locked in a great conflict, the management considers it fitting to pause only for a fleeting look backward.

In 1845 our first three employees gazed from their windows upon a Cleveland that housed only 1500 families. It was a village of dirt roads and stage coaches, log cabins and crude weather-beaten frame buildings—a village without a municipal water supply or fire department.

Life was primitive and hard. But courage, ambition and confidence were everywhere.

It is written in our records that many a hardy, bearded pioneer with an idea found a sympathetic hearing at the bare little bank on Superior Street, and went forth with funds to finance his enterprise.

With the westward surge of empire came railroads, and oil and ore. And ever more people. Cleveland's infant industries began to thrive.

As our bank "grew up with the town," it was able to assist many men and firms who contributed signally to the development of our community, state and nation. Its services continued through the years without interruption.

Successive managements followed flexible policies in keeping with the vision of leaders and advancing needs of the times.

This too is the aim of our present directorate, management and employees, as our bank begins its second century of service.

THE
NATIONAL CITY BANK
OF CLEVELAND

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Municipal News & Notes

Premier E. C. Manning of Alberta announced early this week that the Province and the Bondholders Protective Committee have agreed on a new plan of debt reorganization, to supersede the proposal tendered by the government early in April and which proved unsatisfactory to the committee as well as the Dominion government. The latter's position was voiced by Finance Minister Ilsley, who objected to failure of the original plan of the province to recognize part interest due on its bonds since 1936, and the contract rates to maturity or call dates contained in the debt to be refunded.

The new plan, it is said, fully meets the conditions laid down by Mr. Ilsley as essential to a fair and equitable arrangement with the bondholders. Accordingly, the Finance Minister has indicated his intention to request Parliament to provide the financial assistance needed by the province in order to carry out the program.

Along with the statement that an accord had been reached with the protective committee, Premier Manning disclosed that the plan had been worked out by Norman S. Taber & Co., New York City, in cooperation with the committee, and that the Taber firm had been engaged as financial advisor and consultant to the province in putting the program in operation.

One of the most important steps involved in the proceedings calls for the sale of a new issue of $29,500,000 Alberta bonds and, in this connection, it is noted that New York City firm will act as exclusive agent for the province in effecting underwriting of the bonds. They will bear interest at rates ranging from 2% to 3¼% and mature serially from 1946 to 1960 incl.

Proceeds of the new bond issue, together with funds available to the province, including payments to be made by the Dominion, will be used to redeem in cash, and at par, the $33,000,000 of provincial bonds which have matured or will mature on or before June 15, 1945.

In addition, holders of such bonds will receive approximately $7,000,000, representing an adjustment of interest for the past nine years, during which period the province has paid bond interest at only 50% of the contractual rate.

This interest adjustment ranges from $17.06 to $23.56 on each $100 par value depending on the contract interest rates which vary from 4% to 6%.

The approximately $80,000,000 of bonds maturing subsequent to June 15, 1945, will be exchanged, par for par, for new serial 3½s, maturing from 1961 to 1980 incl., and callable on any interest date. These new bonds will be payable in the same currency or currencies as the bonds they replace.

Holders of the $80,000,000 of unmatured bonds will receive a further $21,000,000, partly in cash and partly in non-interest bearing talons falling due over the next few years. This sum will be in adjustment of the higher contract rates contained in the existing indebtedness to future maturity or call dates. In this instance, the interest adjustment ranges from $18.85 to $41.45 on each $100 par value.

The Alberta Bondholders Committee, according to a statement issued by Vice-Chairman A. J. Mitchell, of Toronto, will recommend acceptance of the offer by bondholders as "it results in fair and equitable treatment of all bondholders."

The plan, Mr. Mitchell said, should result in completely restoring Alberta's credit and will also improve private credit and "thus give impetus to further development of the great resources of the province in the post-war period."

Mr. Mitchell also called attention to the fact that Finance Minister J. L. Ilsley has indicated that the Dominion Government will impose a 100% tax on speculative profits made by anyone who purchased Alberta bonds on or after February 1, 1945.

While the effective date of the program will be June 1, 1945, the actual date when the exchanges and payments will be made, may not be before early autumn due to the time necessary to complete all legal requirements and mechanical details.

The plan applies to all direct and guaranteed bonds of the province, except the 5% debentures of the Alberta and Great Waterways Railway Co. which are not in default.

Large Nebraska Electric Revenue Issue Looms

Gov. Dwight Griswold of Nebraska has just signed a bill authorizing the creation of a public power district to take over the facilities of the $40,000,000 Nebraska Power Co. The district, which will include approximately five counties in the Omaha metropolitan region, will be required to issue revenue bonds to cover the cost of public ownership. Ultimate transfer of the properties to a public agency was assured as a result of the purchase of the power company last December by the Omaha Electric Committee, Inc., a non-profit group. The Committee has announced its intention to dispose of the system to the projected power district at the earliest practicable date.

Petitions for the creation of the district are now being circulated in the appropriate territory and, after the required signatures have been obtained, the Governor will appoint a board of directors representative of the district.

With this accomplished, the expectation is that the board will proceed to effect issuance and sale of district revenue bonds to finance public ownership. With the acquisition of Nebraska Power Co. facilities by the district, Nebraska will be the only State in which all electric power is owned by the public.

In connection with the proposal, T. H. Maenner, Chairman of Board of Directors of Nebraska Power, recently estimated that public ownership of the system would save the citizens of Omaha and the metropolitan area about $3,000,000 a year compared to its operation under private ownership.

In a statement issued on May 10, Mr. Maenner said that a reduction in operating costs on an annual basis, of $2.45 per customer, or 10.7%, has been effected since purchase of the properties by Omaha Electric Committee last December. This reduction is exclusive of production and transmission.

Ohio Municipals Remain At Record High Levels

The Ohio municipal bond market was quiet during the week ended May 9, with prices holding about unchanged at recent record high levels, according to J. A. White & Co., Cincinnati, which reported that its index of the yield on 20 Ohio bonds remained unchanged at 1.18%. The yields on 10 high-grade bonds and 10 low-grade bonds also continued unchanged from the previous week at 1.02% and 1.34%, respectively.

W. Carroll Mead Is Nominated to Head Baltimore Exchange

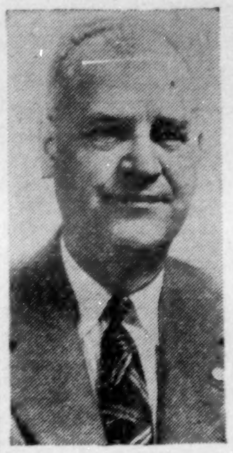
BALTIMORE, MD.—W. Carroll Mead, partner in Mead, Irvine & Co., has been nominated for election as president of the Baltimore Stock Exchange at the annual meeting to be held June 4th.

Nominated for election to the board of governors for two year terms are John Redwood, Jr., Baker, Watts & Co.; Harry M. Sheely & Co.; and Elisha Riggs Jones of E. R. Jones & Co.

Mr. Mead will succeed Howard R. Taylor who will retire as president of the exchange after serving in the post nearly three years. Mr. Taylor is also retiring from the board of governors after twenty years' service. He was requested to remain but declined to do so because of a wish to have younger men take over the management of the exchange.

Eason Pres. of National Savings Loan League

George M. Eason of Los Angeles was elected President of the National Savings & Loan League in mail balloting of member institutions which closed on May 12, it was announced at the closing meeting of the board of governors of the League at Washington.



George M. Eason

Mr. Eason and other elected officials will take office June 4. The two Vice-Presidents who were elected were Raymond P. Harold of Worcester, Mass., and Curtis F. Scott of New Orleans.

John S. M. Glidden of Natick, Mass., was reelected Secretary.

The following were elected members of the board of governors:

Alabama, A. T. Hanson; California, Roy E. Hegg; Connecticut, Mrs. Frances Bent; Illinois, Maurice E. Vasen; Kansas, L. W. Bauerle; Kentucky, Frank Sweigert; Louisiana, A. H. Generes; Massachusetts, Robert A. Blake; Mississippi, J. Frank Brown; Missouri, E. H. Busiek; North Carolina, Dink James; New Jersey, J. Alston Adams; New Mexico, H. D. O. Hammond; New York, Franklin L. Herdeg; Ohio, Ray O. Holton; Oklahoma, L. C. Pollock; Pennsylvania, J. Douglas Dole; Rhode Island, J. Bertram Watson; Texas, E. E. Shelton; Washington, S. J. Calderhead; Wisconsin, Allen R. Calhoun.

Rush Elected Head of Insurance Federation

Benjamin Rush, Jr., Vice President of the Indemnity Insurance Company of North America, was elected President of the Insurance Federation of Pennsylvania at its anual meeting held May 7.

Other officers chosen were: First Vice President, J. M. Thomas; Vice Presidents, Dodd Bryan, Frank A. Buser, Samuel J. Carr, W. B. Corey, Thomas B. Donaldson, W. A. Edgar, Frank S. Kauffman, Henry S. Rich, Jr. and A. M. Waldron; Treasurer, John Tharaoh; Secretary Manager, Homer W. Teemer; Assistant Secretary, Mary H. Fireng; National Counsellor, J. Sherman Campbell and Sub-National Counsellor, James R. Hughes.

Mr. Rush is a son of Benjamin Rush, Chairman of the Board of the Insurance Company of North America, and its President from 1916 to 1939.

Money in Circulation

The Treasury Department in Washington has issued its customary monthly statement showing the amount of money in circulation after deducting the money held in the U. S. Treasury and by Federal Reserve Banks and agents. The figures this time are those of March 31, 1945, and show that the money in circulation at that date (including, of course, that held in bank vaults of member banks of the Federal Reserve System) was $25,899,060,223, as against $25,751,204,220 on Feb. 28, 1945, and $21,115,488,125 on March 31, 1944, and compares with $5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the first World War, that is, on June 30, 1914, total was $3,459,434,174.

This is under no circumstances to be construed as an offering of these Debentures for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such Debentures.
The offer is made only by means of the Prospectus.

$19,500,000

Deere & Company

Twenty-Year 2¾% Debentures

Dated April 1, 1945 Due April 1, 1965

Price 102% and accrued interest

Copies of the Prospectus may be obtained from only such of the undersigned as may legally offer these Debentures in compliance with the securities laws of the respective States.

Harriman Ripley & Co.
Incorporated
Blyth & Co., Inc. The First Boston Corporation
Lazard Frères & Co. Mellon Securities Corporation
Smith, Barney & Co. Merrill Lynch, Pierce, Fenner & Beane
Shields & Company Union Securities Corporation
Harris, Hall & Company (Incorporated) Bacon, Whipple & Co.

May 16, 1945.

Proposed Missouri Valley Authority

(Continued from page 2162)

along the upper reaches of the Missouri and its tributaries to satisfy the Bureau of Reclamation, that agency prepared its own plan of river development.

On Feb. 28, 1944, Secretary of War Stimson transmitted a refinement of the Pick plan to Congress, while Secretary Ickes sent the Bureau of Reclamation's plan to the President on April 1st. Having reviewed both plans, President Roosevelt asked Congress on Sept. 21, 1944, to establish a Missouri Valley Authority, leaving it free to select its own type of agency—a request which he renewed on Nov. 28th. Immediately following the President's September appeal, numerous bills were introduced in Congress for the creation of the requested Authority, based on either the Pick or the Reclamation Bureau plan.

Since the two plans were in violent conflict, due to the Pick plan stressing navigation improvement and flood control, while the Reclamation plan emphasized irrigation and power development, representatives of both groups met at Denver before the President's second appeal to Congress and reached agreement on a single river development program. And since all the bills before Congress were based on one or the other of the two plans, but not on the compromise plan, they were permitted to die with the 78th Congress.

With the opening of the 79th Congress in January, a number of bills seeking establishment of a Missouri Valley Authority were introduced, the most important of which, and the only one receiving serious consideration by Congress, is that from the pen of Senator Murray of Montana—Senate Bill 555. Under its provisions, attempts have been made to placate the irrigation, but not the navigation, interests; the power policy of the TVA would be approximated; Fort Peck Dam on the main stem of the Missouri in eastern Montana would be transferred from the Army Engineers to the MVA; irrigation would be established as the vital purpose for which water could be allotted; family-sized plots of 160 acres would be given preference in the allocation of water, and the project would be operated by a 3-man autonomous board, plus a 17-man advisory committee. The Bureau of Reclamation has estimated that 53,000 new farms with a population of 636,000 will be added to the area, principally along the upper reaches of the Missouri and its tributaries, when the river development program is completed.

Large Area Covered

Before discussing the support and oposition accorded the bill, it might be well to identify the Missouri Valley. It contains the entire State of Nebraska, and parts of Colorado, Wyoming, Kansas, North Dakota, South Dakota, Iowa, Minnesota and Missouri, along with small portions of the Canadian provinces of Alberta and Saskatchewan. It has an area of 529,350 square miles, of which 9,715 lie in Canada. It is 13 times larger than the area of the original Tennessee Valley Authority. Its area is only 6,625 square miles less than the combined land areas of Alabama, Georgia, Mississippi, Louisiana, Florida, both of the Carolinas, both of the Virginias, Tennessee, Kentucky and Arkansas. It contains one-sixth of the total area of continental United States.

It will be apparent that areas of economic conflict must exist in so vast a region. The Missouri Valley stretches from the highly industrialized St. Louis metropolitan district to the sheep-cattle-mining country of northwestern Montana, from a region of small truck and grain farms to one of vast ranches, from a thickly to a sparcely populated region. In addition, where the lower valley—that portion below Sioux City—is concerned primarily with navigation improvement and flood control, the upper valley is interested mainly in irrigation and power development, and these objectives are always in conflict when sought on the same river system. As Lachlan Macleay, President of the Mississippi Valley Association, remarked: "Flood control and power projects are competitive, not compatible."

The attitude of an experienced administrator of our most celebrated Authority toward so far-flung an undertaking may be gained from a statement by David E. Lilienthal, a member of the original Board of Directors of the Tennessee Valley Authority and its present Board Chairman, in his book, "TVA-Democracy on the March," published in early 1944. Mr. Lilienthal said:

> There is . . . one generalization which our specific experience in the TVA does support: The regions should not be so large that they are not, in a management sense, of "workable" size. The full potentialities of the unified approach to resources, and the opportunities to be close to the people and their problems, may be fatally impaired if the region itself is a vast one.
>
> In my judgment the present TVA region ought not to be substantially enlarged. This region—the watershed plus the area of electric service that extends outside the drainage basin as that area is now constituted—is about as large as it ever should be. . . . But, with that exception (inclusion of the Cumberland Valley) and some extension of electricity beyond the area presently served, I feel strongly that substantial additions to the territorial scope of the TVA would impair its effectiveness and threaten the onset of the evils of remoteness we seek to remedy.

In the light of Mr. Lilienthal's statement, it is noteworthy that not only is the area of the Missouri Valley 13 times that of the Tennessee Valley, but Pierre, S. D., the heart of the Missouri Valley, is practically two and one-half times as far from Washington, D. C., as is Chattanooga, Tenn.

Power Development Involved

Power development, naturally, will be one of the major objectives of the MVA, since the revenues derived from the sale of so-called by-product power have a tremendous political appeal. Under the compromise plan reached by the Army Engineers and the Bureau of Reclamation, 12 multiple-purpose dams at which hydro-electric power will be made are scheduled for construction. Five of these will be located on the main stem of the Missouri, which will create a chain of reservoirs from Yankton, S. D., to Williston, N. D. Five more are to be built on the five tributaries of the Republican River in southwestern Nebraska and northeastern Colorado. One will be constructed on the Big Horn River in central Wyoming and the 12th on the

(Continued on page 2178)

After V-E Day

V-E DAY has come and gone. Germany has succumbed to the might of our armed forces, and those of our Allies, backed up by an American productive capacity such as the World has never seen.—Electric power will continue to keep on the job, 24 hours a day, to see that there is no let-down until world wide Victory has been achieved.

☆ ☆ ☆

When our Country went to war it had more electric power available for building the weapons of war than all of our enemy nations combined. That was because the electric utility industry, always with an eye to the future, had already increased its capacity to produce ample electric power.

☆ ☆ ☆

Beyond the great part played by electric power in bringing Victory in War it will play a still greater part in winning Victory in Peace. The electric power industry is a basic industry—one upon which the "better living" of the post-war period will largely depend. It is an industry that will create post-war jobs—productive jobs for our returning veterans—because electric power is the life-blood of practically every productive enterprise.

The men and women of the Long Island Lighting System are glad that through their combined efforts the unprecedented power demands of war industry in this area were met and with adequate electricity available for regular household and commercial use. In this same spirit we are looking ahead toward the day when our plant capacity must be increased still further to meet the greater peacetime needs for electric power—when electricity will bring more conveniences to the daily life of our customers.

LONG ISLAND LIGHTING COMPANY

Proposed Missouri Valley Authority

(Continued from page 2177)

Yellowstone River in Montana, to the north of Yellowstone Park.

At the moment, surprisingly, there is some slight justification for the Big Horn dam, since the only spot in the Missouri Valley where a power shortage has occurred since Pearl Harbor is in southern Wyoming. In 1934, in its rush to establish public power projects and provide work for the unemployed, the Federal Government financed the construction of Seminole Dam, a part of the Kendrick Conservation Project in southern Wyoming, with an installed electric generating capacity of 36,000 kw. This increased by roughly 60% the installed capacity of the entire State and, when a market for the resultant power lagged after our defense program got under way, war plants were established in the vicinity to utilize this power. But the electric demands of the war plants were so heavy that they overtaxed the ability of the project to serve them, with a resultant power shortage. This is, obviously, a temporary condition, which will fade with the war.

Whether or not a Missouri Valley Authority bill is passed by the present or the next session of Congress, some measure of Missouri River development was assured by Senate adoption of the House-approved conference report on the Flood Control bill on Dec. 12, 1944. In that bill the expenditure of $400,000,000 for flood control and navigation improvement, approximately one-third the estimated cost of the entire Missouri development program, was authorized, although no appropriation was made, nor is any likely until after V-J Day. Furthermore, although no action was taken upon it, the President pursued the familiar "nose under the tent" technique on March 24th, when he asked Congress to appropriate $4,480,000, about one-fortieth of the ultimate cost of a MVA, to permit the Department of the Interior to develop preliminary plans for harnessing the Missouri. In doing so he stated that this action by Congress would in no way prejudice the controversial question of "whether construction of the projects in the basin is accomplished by a Valley Authority or by other agencies."

Local Opposition

Although the Missouri Valley States are greatly desirous of Missouri River development, none of them appears satisfied with the plan proposed by the Murray bill. The Legislatures of Montana, Colorado, Nebraska and Kansas, as well as the Iowa Senate, have passed resolutions condemning the establishment of a MVA under the form of control outlined in the Murray bill. Section 3 of House Concurrent Resolution No. 24 adopted by the Kansas Legislature reads:

> That while it may be necessary to create some permanent administrative coordinating agency to regulate the use of water resources when development has been further advanced along the Missouri and there is no objection to calling it a Missouri Valley Authority, we object, however, to granting to such administrative agency unchecked authority to engage in private business, operate farms, remove hundreds of thousands of acres of land from the tax rolls, take over the administration of education and of local and State laws, and, in general, to do the economic planning for the entire area.

The resolution adopted by the other three State Legislatures, and by the Iowa Senate, run along a similar vein.

In addition, the Governors of four Missouri Valley States, and representatives of the remaining six, met at Omaha on April 5th to consider the Murray proposal and adopted a resolution in opposition thereto which was almost identical with that portion of the Kansas resolution above quoted. Three Midwest groups vitally concerned with the conservation and use of water resources—National Reclamation Association, Mississippi Valley Association and Missouri Valley Development Association—have, moreover, formed a united front in opposition to a Missouri Valley Authority with the broad power proposed by the Murray bill.

Although Senator Murray, TVA Chairman Lilienthal and Vice-Chairman Olds of the Federal Power Commission appeared at the Senate Commerce Committee hearings in support of the Murray bill, its opponents appear to have gained the more sympathetic attention of the Committee and to have landed the more telling blows. However, before going into that, Chairman Lilienthal's support of the measure is rather interesting in view of his public statement of last October, when he said that residents of the Missouri Valley had a right to be suspicious of the proposed MVA until they were advised of who was to administer it, and how local problems were to be met. He said that the TVA could not be moved bodily into the valley of the Missouri because physical problems were quite different; that TVA might serve as a basic model, but that the successful development of various river valleys was primarily a question of the proper form of management.

And perhaps, at this point, it might be well to quote the remark of President Roosevelt at the time he approved the Flood Control bill, adopted by Congress last December. He said:

> The plan of calling upon States affected by proposed projects for their views is a desirable one but, of course, the establishment of such a procedure should not be interpreted by anyone as an abrogation by the Federal Government of any part of its power over navigable waters.

Opposition to the Murray type of Missouri Valley Authority came mainly from two sources. First, the old-established governmental agencies dealing with water resources and river development—the Army Engineers and the Bureau of Reclamation—opposed the Murray bill and the entire authority concept, unless such authorities were made subordinate to them, which would virtually destroy the basic principle of an Authority and render it a mere bureau of an established department of Government. And, second, the Missouri Valley States and their political subdivisions, who were dubbed the "home rule" crowd, opposed the Murray variety of authority, since it threatened to invade their jurisdictions and deprive them of their rights. As Harry Trustin, Omaha City Commissioner, so aptly put the objections of the "home rule" group:

> We suddenly find ourselves beset, and I use that word advisedly, by some new friends from outside our valley who have a new plan and insist upon imposing it upon us and running it for us.

In addition to the Murray bill, another piece of legislation has been introduced in Congress by Representative Rankin of Mississippi—H. R. 1824—which calls for the establishment of seven additional "TVA's," of which the Missouri Valley Authority is one, and extension of the present scope of operations of the Tennessee Valley Authority south to the Gulf of Mexico. Originally the brainchild of the late Senator Norris, this bill has been before Congress in some from since 1937, although it never has received serious consideration. Nevertheless, should a Missouri Valley Authority be established as a result of the present agitation, a logical sequence would be the creation of an Arkansas Valley Authority to serve the region immediately to the south of the Missouri Valley and drained by the Arkansas River. This could lead easily to the establishment of two Mississippi Valley Authorities, one each for the upper and lower basins, and a Southwest Authority, a Pacific Northwest Authority, and, in fact, most any geographically styled authority politicians might conjure.

TVA a Financial Burden

At the present time, the Tennessee Valley Authority is able to report a "profit" from operations because the taxpayers of the nation pay its interest bills for it. Not counting the World War I facilities at Muscle Shoals, which cost the American taxpayers $125,000,000 and were given to TVA, it had borrowed $63.072,500 from the Reconstruction Finance Corporation and the Federal Treasury through pledge of a like amount of its bonds, and had received and expended Congressional appropriations totaling $622,147,000 by the close of its 1944 fiscal year, with $45,800,000 of appropriated funds as yet unspent.

Although coupons attached to $56,000,000 of these bonds called

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PUBLIC SERVICE CORPORATION OF NEW JERSEY

and Subsidiary Companies

Comparative Statement of Combined Results of Operations
For the Year Ended December 31,

	1944		1943	
SUBSIDIARY COMPANIES—				
Operating Revenues:				
Electric Operations	$100,030,333		$ 98,626,525	
Gas Operations	36,638,153		35,598,692	
Street Transportation Operations	47,336,908		48,757,609	
Ferry Operations	------	$184,005,394	254,086	$183,236,912
Operating Revenue Deductions:				
Operating Expenses	$ 79,446,668		$ 77,581,302	
Maintenance	16,101,761		15,038,850	
Depreciation and Retirement Expenses	13,889,802		13,855,773	
Total	$109,438,231		$106,475,925	
Federal Income Taxes	$ 14,389,197		$ 14,818,222	
Federal Excess Profits Taxes	8,083,452*		8,696,028**	
Other Taxes	20,846,459		20,043,260	
Total Taxes	$ 43,319,108		$ 43,557,510	
Total Operating Revenue Deductions		152,757,339		150,033,435
Operating Income		$ 31,248,055		$ 33,203,477
Other Revenue	$ 513,948		$ 284,636	
Other Revenue Deductions:				
Expenses	$ 22,571		$ 11,061	
Taxes	17,000		11,472	
Total Other Revenue Deductions	$ 39,571		$ 22,533	
Total Other Income		474,377		262,103
Gross Income		$ 31,722,432		$ 33,465,580
Deductions:				
Income Deductions:				
Interest on Long-Term Debt	$ 8,027,623		$ 8,354,404	
Amortization of Debt Discount and Miscellaneous Deductions	856,375		861,119	
Appropriations for Amortization of Capital	3,000,000	11,883,998	4,100,000	13,315,523
		$ 19,838,434		$ 20,150,057
Dividends paid to the public:				
Public Service Electric and Gas Company:				
7% Cumulative Preferred Stock	$ 1,113		$ 1,113	
$5. Cumulative Preferred Stock	1,500,000		1,500,000	
Common Stock (directors' shares)	14	1,501,127	15	1,501,128
Balance applicable to securities owned by Public Service Corporation of New Jersey		$ 18,337,307		$ 18,648,929
PUBLIC SERVICE CORPORATION OF NEW JERSEY AND SUBSIDIARY COMPANIES CONSOLIDATED—				
Miscellaneous Income of Public Service Corporation of New Jersey		124,470		103,308
		$ 18,461,777		$ 18,752,237
Expenses of Public Service Corporation of New Jersey:				
Salaries, Rents, Office Expenses, etc.	$ 386,031		$ 428,569	
Depreciation	1,200		1,200	
Total	$ 387,231		$ 429,769	
Federal Income Taxes	$ 1,015,491		$ 1,029,840	
Federal Excess Profits Taxes	------		------	
Other Taxes	131,380		134,200	
Total Taxes	$ 1,146,871		$ 1,164,040	
Total Expenses of Public Service Corporation of New Jersey		1,534,102		1,593,809
		$ 16,927,675		$ 17,158,428
Other Deductions from Income of Public Service Corporation of New Jersey		1,237,017		1,250,388
Consolidated Net Income after deduction of dividends on capital stocks of subsidiary company held by the public		$ 15,690,658		$ 15,908,040
Dividends on Preferred Stocks of Public Service Corporation of New Jersey		9,850,936		9,850,936
		$ 5,839,722		$ 6,057,104
Dividends on Common Stock of Public Service Corporation of New Jersey		5,503,193		5,503,193
Balance transferred to Consolidated Earned Surplus		$ 336,529		$ 553,911

*Federal Excess Profits Taxes for 1944 amounted to $8,981,613. This amount has been reduced by credits amounting to $898,161, consisting of a debt retirement credit of $601,727, and a post-war refund of $296,434.

**Federal Excess Profits Taxes for 1943 amounted to $9,662,254. This amount has been reduced by credits amounting to $966,226, consisting of debt retirement credits of $637,600, and post-war refunds of $328,626.

for interest at rates ranging from 1¾% to 2½%, the Treasury consented to a "temporary" arrangement under which TVA paid but 1% on this amount. And it paid no interest whatever on the $622,147,000 of apropriated funds. But if TVA had paid interest on all of the public funds it employed during the 1944 fiscal year at the same rate it cost the Federal Government to borrow them from its citizens, or 1.9% per annum, its interest bill would have approximated $14,329,200 more for the 12-month period. And since its consolidated net income after but a net minor interest on small borrowings was only $6,581,600, payment of interest in full of all the public funds it employed would have converted its net income into a net loss of $7,147,600 before any provision for Federal taxes. In the face of this actual loss, TVA, of course, would have incurred little Federal tax liability —perhaps only the 3.3% privately owned utilities are required to pay on revenues derived from sales of electricity to residential and commercial consumers.

Accordingly, since the establishment of public authorities, if TVA is any criterion, tends to drive private Federal-tax-paying enterprise from the field of electric service, they injure tax-paying undertakings in other fields of endeavor in two specific ways. First, since they replace Federal-tax-paying privately owned electric utilities, and do not themselves pay any Federal taxes, the resultant deficit in Federal receipts must be added to the burden already carried by other Federal taxpayers. And, second, since authorities do not pay interest on the public funds invested in their facilities, although the Federal Government must pay interest on these sums to its creditors, the wages of these funds are shifted from the electric consumers of the authorities to the Federal taxpayers of the entire nation.

Perhaps the most important aspect of establishment of authorities, so far as the future of the American way of life is concerned, is that each added authority becomes another milestone along that now celebrated road to serfdom. Each added authority means, of necessity, more planning, more masterminding by appointed bureaucrats. And each new authority means, to paraphrase the words of the Omaha City Commissioner, more "new friends" in official Washington, with a "new plan" which they insist on imposing upon the affected regions, and upon "running it" for them.

Taft Seeks To Ease Price-Pay Controls

Senator Robert A. Taft (R.-Ohio) has proposed legislation to amend the present price control and stabilization act so as to lift all government wage controls next January 1 and remove price controls from "luxury" goods, Associated Press advices from Washington, May 10, state.

The Ohioan asked that the banking committee reopen hearings on a resolution which would extend the price control act unchanged for a year beyond June 30, present expiration date.

Mr. Taft told the Senate he believed that by the year's end "there will be no tremendous shortage of labor and that the fixing of wages can properly be left to collective bargaining."

Mr. Taft's amendment also would direct that after December 31 prices fixed by the Office of Price Administration should allow "the same margin over cost" as in the years 1938, 1939 and 1940.

Post-War Utilities Earnings and Rates

(Continued from page 2163)

by the elimination of high fluctuations in seasonal demands of customers. As the bulk of the increased war demands was through utilization of night and day shifts, the installed capacity of electrical and gas plants were, in the main, ample to meet the peaks of utilization and still leave margins of unused capacity. Thus, at the end of 1943, when war demands were at the maximum, with a sum of peak loads in excess of 40,000,000 kilowatts, the electrical companies had a generating capacity of approximately 50,000,000 kilowatts, and despite oil and coal shortages the gas plants throughout the country appeared to meet generally the demands made upon them.

No Impending Heavy Capital Outlay

It may be assumed from this situation that there will be relatively little need for heavy capital expenditure to expand plant capacity following the end of the war. Certainly, there will be no serious problems of reconversion. Let us contrast this with the period of the last war. During the years 1914-1918 the total electric power generated and purchased rose from 17.800 million kilowatt hours in 1914 to 33.850 million kilowatt hours in 1918, an increase of about 90%. In the years immediately following the war, the output of electric power continued to increase by leaps and bounds until 1930, when, because of the industrial depression, there were comparatively moderate declines.

To meet this rapid and unprecedented growth there resulted a tremendous increased investment in utilities, and a wild scramble ensued for actual or potential plants, wherever they might be or whatever they were. The evil effects of all this have now passed into history. The remedies have been applied and the lessons learned so that in the coming post-war period no similar adverse development arising out of the expansion of the utilities industry need be expected. It is indeed doubtful whether in the coming post-war decade, notwithstanding a counter-balancing of the reduced war industrial demands for services by prospective enlargement of domestic consumption and by future new uses for gas and electric services, there will be any abnormal growth in plant investment or any pronounced changes in plant design and equipment.

Temporary Reduction in Earnings

A temporary falling off of most utilities earnings following post-war production cut-backs is to be expected. Both the electric and the gas industries are dependent on the creation and use of appliances before their services are demanded. A considerable period will elapse before appliance manufacturers will be able to turn out on a mass production basis both the existing and the new appliances and machines. There will also be a period required for proper advertising and marketing, despite the expected rush of consumers for products of this character. Many of the manufacturers will undergo periods of shutdown during reconversion. Moreover, as happened when electrical refrigeration came into vogue, there will be produced many "experimental" contrivances, which will prove unsatisfactory, and will have an adverse effect on consumer demand. But the actual net earnings of the utilities available for dividends, in most cases, will not be materially reduced in this period, because the excess profits taxes, which have prevented stockholders from reaping the benefits of the war-time earnings, are likely to be eliminated; and there will be reserves available under the hold-back provisions of the tax law. Dividends, therefore, are expected to remain steady in the immediate post-war period, particularly in view of the fact that there will be little funds required for reconversion and expansion of facilities. Heavy depreciation, obsolescence and abandonment costs will also not be a serious factor.

The Effect of Post-War Interest Rates

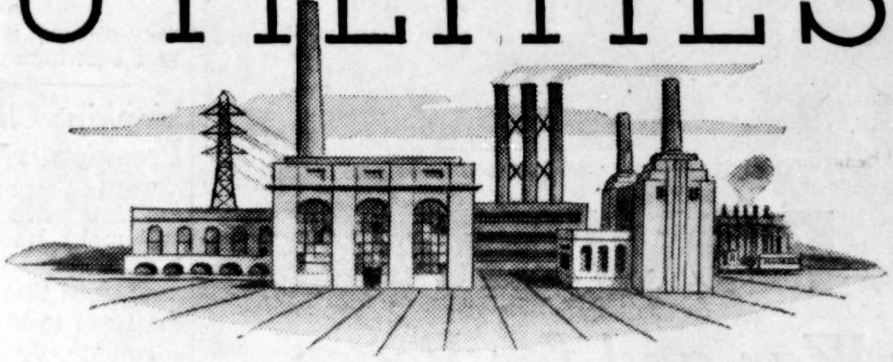
A favorable condition with relation to post-war earnings and dividends of public service companies is the matter of interest rates. The present prospect is for a post-war continuation of low interest rates, due both to the Government's fiscal policy in supporting the market for the national obligations and to the large supply of capital funds available for investment. The levels of both short-term and long-term interest rates are now practically under Government control, because of the Treasury's firm hold on the Federal Reserve banks. This is vastly different from the money market conditions following the last war, when there was a sudden spurt in interest rates due to the pent-up demand for new capital and to the rush for loans for accumulation of inventories. The utilities in particular at that time, as stated above, were in a period of rapid expansion, and were forced to finance improvements and extensions at high interest rates. At present — and in fact during the whole war period—almost all financing has been for refunding at lower interest rates. Never have income yields of utilities bonds and preferred stocks been so low. As fixed charges have always been a heavy item of expense in the income statements of utilities, the lower interest rates is an important factor in assuring the investment stability of their securities. There is, as yet, no evidence of any serious existing case of emergency financing or of a situation bordering on bankruptcy now facing any important utility enterprise.

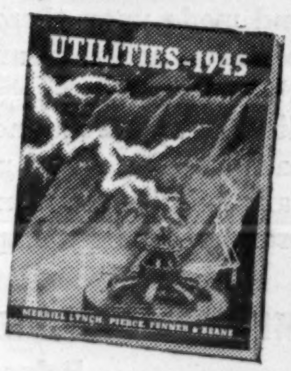
Rate Problems

Again, unlike the period following the last war, there is not likely to be serious rate adjustment problems following the present conflict. When hostilities ceased in 1918, the general rate situation of the utilities was highly unsatisfactory. Utility rate making was still in the experimental stage. The various State public service commissions, some of which were recently created, were desirous of meeting the political demands for lower utility rates, and in many instances enforced reductions below the cost-of-service basis. Moreover, the process of rate revisions was then slow and cumbersome. There were widespread demands for property valuations, and compilation of elaborate cost data. All this delayed the adjustment of rates to meet rising wages, materials prices, and other costs. In the meantime, a number of the utility companies suffered reductions in net earnings and some had to seek reorganization or merger.

Much of this has been changed. The theory of basing rates on property valuation has been largely abandoned in recent years. Experimental plans of rate making and rate fixing has given way to establishment of rates on practical and proved bases; rates

(Continued on page 2180)

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Post-War Utilities Earnings and Rates

(Continued from page 2179)

which take into consideration the varying needs of the consumers and the costs and the revenues of the utilities. Thus, a basic service or minimum charge levied on all consumers has been generally accepted. This has resulted in eliminating the losses in furnishing service to small users and has lightened the burdens and increased the demand for service by large consumers. It has been also an influential factor in encouraging a larger domestic use for services.

Rating systems, such as the so-called "Objective Rating Plan," which give further incentives to larger use of services by small consumers, have been successfully tried out. Under the "Objective Rating Plan" the consumer, when he increases his consumption over a predetermined "base," is given lower rates, adjusted so as to allow the company additional revenues from the increased use, and at the same time lower the unit price to the consumer. Other plans of differential rates, based on use, cost of service, or load factor have been widely adopted. All this has not only tended to equalize output and demand throughout the day and season, but has also increased both the domestic and industrial consumption of services. It is this expansion of service use by domestic consumers during the hours of light demand, which, from a net earnings viewpoint, has been the greatest benefit to the utilities corporations.

The "Yardstick"

Altogether, it can be said that there is little prospect of widespread demands for utility rate changes or adjustments either on the part of the public or of the companies. The application of "yardsticks" in determining scales of public utility rates, so widely "propagandized" in support of the TVA project, appears to have lost its force. The proposals for other similar public works projects is not meeting with much enthusiasm. As pointed out by Ernest R. Abrams in this issue of the "Chronicle," the so-called "Missouri River Authority" is meeting with opposition both in and out of Government circles.

The heavy public debt and the post-war need for Government economy, combined with the urgent demands for more pressing and more useful construction projects, will undoubtedly repress these fantastic ventures for some time to come. The burden of the TVA, arising from its inability to meet the interest charges on its capital and the loss of taxes it is causing to both the Federal Government and the local authorities are matters which are now receiving more recognition. Certainly, when the war ends and there are cut-backs in the area of the TVA undertaking, the financial losses arising from its operation will become more manifest. Accordingly, there need be no immediate fear on the part of investors in privately operated utilities that new publicly owned projects will cause them losses on their holdings.

All this does not mean that individual utilities may not be faced with serious change-over problems. The war has caused shifts in population growths, in industrial migration and in consumers' standards. These changes will have to be met, and there may be also need in some cases for new capital investment, new forms of equipment as well as different load factors and new rate adjustments that may temporarily affect earnings and dividends.

Hopkins Claims He Is Still President's Assistant

Telling reporters that he wanted no inference drawn from the statement, Harry L. Hopkins, after a conference with President Truman, said that he is still a special assistant to the President, the Associated Press reported from Washington, May 4. Hopkins is still on the payroll at $15,000 a year, the report mentions.

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KINGSPORT UTILITIES, INCORPORATED
THE OHIO POWER COMPANY
THE SCRANTON ELECTRIC COMPANY
WHEELING ELECTRIC COMPANY

The Outlook for Utility Stocks

(Continued from first page)

high taxes threatened the industry, the index declined to a record low of 23, completing the cycle since 1920.

Those who were forunate enough to buy leverage utility issues a few years ago have again had the opportunity to make fortunes similar to those of the 1920's, if they were fortunate enough to make substantial commitments near the lows. Here are a few extreme examples:

	1936-43 Low	Recent Price	Percentage Increase
Electric Bond and Share	¾	13	1640%
Electric Power & Light, 2d Preferred	2¾	105	3725
American Water Works	1⅞	13¼	610
Central & South West	1/16	3½	5500
American & Foreign Power	¼	4	1500
Standard Gas & Electric, $7 Preferred	6	90	1400
Central States Elec., deb. 5-1948	4	78	1850
Central States Elec., 7% Preferred	5c	$70	139,900

But the average speculator was not courageous enough, or smart enough, to buy penny or dollar stocks with high leverage possibilities under the conditions prevailing in 1942. What has happened to the general averages? The holding company index has again climbed up to 83—still only about one-tenth of the 1929 high but 260% above the 1942 low. The operating company group stands at 109—somewhat more than one-quarter of the 1929 high, and just double the low of three years ago.

An advance such as the utility stocks have enjoyed attracts an inevitable market following. "Investors" who looked askance at the soundest utility bargains three years ago are now willing to follow almost any tip or suggestion regarding hidden profit possibilities, especially in holding company stocks in the lower-priced brackets. Recent examples of the interest in such issues were the jump in Central & South West common from 11/16 early this year to the present price around 3½, and the gain in North American Power & Light from 1⅛ this year (already up from 1/32) to 5. Both are "mystery" stocks with a possible share in the liquidation of their respective companies, the degree of the "sharing" being dependent on subordination policies and recap formulas eventually to be approved by the SEC and confirmed by Federal Courts. Neither advance, so far as the writer is aware, was based on any tangible development or news regarding the companies' plans.

On May 3 Standard Gas second preferred was the most active stock on the Board, with a volume of 34,100 shares, advancing to 7⅛ compared with the low of 2¾ a few weeks ago. There was no special news to account for the advance. The plan approved by the SEC had been disapproved by a Federal Court, it is true, but the court did not quarrel with the Commission over the treatment accorded the four stock issues. Under this plan, the $4 preferred would receive only 1/32 as much new common stock as the $7 prior preferred (⅓ of a share compared with 10½ shares). With the $7 prior preferred selling around 90, the equivalent price for the $4 preferred is only about 2¾—yet it has advanced to some 2½ times that figure!

Some of these recent moves in the low-priced speculative issues seem hard to justify statistically. They may be explained by the preference of many speculators for low-priced "mystery" issues, despite the fact that the new margin rules favor the higher-priced stocks.

While speculation has been over-rampant in many of the marginal holding company issues, the rise in the senior holding company issues has apparently not exhausted their statistical possibilities for appreciation, in the majority of cases. Unlike the "little" junior issues (whose fate is bound up in many an intricate calculation and question mark) the eventual trend of the senior securities can usually be mapped out with a fair degree of certainty, based on certain assumptions. The problem consists of (1) analyzing whether the existing plan before the Commission or the Courts is likely to be modified and if so, what degree of change this might involve in the terms for the particular issue involved; (2) comparing the underlying securities of operating companies (to be sold, or distributed to the holding company security-holders) with similar operating company securities, in which active markets exist; (3) forecasting the future trend of the average price-earnings ratio and yield for the latter stocks over the next two or three years; and (4) gauging the timing of the various steps involved in the consummation of the present or final adjusted plan, in its tortuous progress through the SEC, the local commissions and federal courts.

It is true that such a study involves a wide number of variables, but nevertheless it is capable of more scientific handling than the blind guess work or inspired reasoning which seems back of the recent moves in such stocks as Standard Gas second preferred, American & Foreign Power, North American Light & Power, etc. The average trader or investor will probably fare better in the end by retaining the senior holding company issues with their "demonstrable" values, instead of following the current craze for junior stocks in the "cat and dog" class.

The major determinant in the future trend of utility stocks of all categories will doubtless be the average yield of such high grade utility equities as Commonwealth Edison, Pacific Gas & Electric, Consolidated Edison, Boston Edison, Consolidated Gas of Baltimore and a few others. A list of forty-nine electric and electric-gas common stocks recently showed an average yield of 5.17%,

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COLUMBIA SYSTEM

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THE DAYTON POWER AND LIGHT COMPANY
THE MANUFACTURERS LIGHT AND HEAT COMPANY
NATURAL GAS COMPANY OF WEST VIRGINIA
THE OHIO FUEL GAS COMPANY
THE UNION LIGHT, HEAT AND POWER COMPANY
UNITED FUEL GAS COMPANY

but the higher-grade stocks in the list probably average only about 4.75%. Highest-grade long-term utility bonds yield as low as 2.55% (where not affected by premium over call price) and the best preferred stocks with low coupon rates are around a 3.50% basis. (In appraising these yields it is always safest to take the performance of new issues recently placed on the market, rather than averages of the older issues, many of which sell on a higher yield basis because of refunding possibilities.)

Is there room for a further narrowing in the spread between the yields on high grade bonds, preferred stocks and common stocks? This spread has been narrowing for some years, as investors have been driven farther afield in their quest for a fair return on investments. It seems likely to narrow still further. A recent study of the entire Stock Exchange list indicated that while there are still a considerable number of utility stocks yielding over 5%, only a small proportion of high grade industrial issues now yield in excess of that figure. Utility stocks, considering their investment characteristics, still seem somewhat too low as compared with industrials.

For those investors who are satisfied with yield only, without appreciation but merely the hope of price stability, the utilities have a number of factors to recommend them:

(1) Their earnings are not greatly affected by cyclical conditions. In the depression year 1932, when our industrial activity was at an extremely low ebb and many industrial companies were "in the red," utility earnings were only moderately affected, and operating company dividend rates remained almost untouched (the reductions which came later were due mainly to encroaching federal taxation). The same condition was true in 1938, the "little" depression year, which again created many deficits for industrial companies. The net income of all electric utilities in that year dropped only 5% (compared with the 1932 drop of 15%). The basic reason for this relative stability is, of course, that the utilities make most of their profits from the residential load, and the use of electricity in the household is one of the last items on which the average citizen retrenches in bad times.

(2) Most of the high grade utility stocks have long records of unbroken dividend payments. For example, Consolidated Edison has paid since 1893 or earlier, Commonwealth Edison since 1890, Boston Edison since 1897, Consolidated Gas of Baltimore since 1910, Pacific Gas since 1919 and Pacific Lighting since 1909, Detroit Edison since 1909, Cleveland Electric Illuminating since 1902, etc. In proportion to the number of issues outstanding, it is hardly possible to match this record in the industrial list.

(3) Thus far, the electric light and power industry has remained relatively immune to the revolutionary changes in industrial technique which have caused major upsets in the fortunes of the railroad companies, the "trolley lines," the coal industry and others. Even the manufactured gas industry was able to survive the drastic competition in the lighting business resulting from the invention of the incandescent electric light by Edison, through its development of the kitchen gas stove (witness the unbroken record of Washington Gas Light since 1867). Most of the gas companies have also met the competition of natural gas and emerged with flying colors—converting to the new gas, or mixing it with manufactured gas, with well-maintained profits in most cases.

Of course there is no guaranty that a major upset to both the electric and gas companies may not occur in the future. A considerable part of their investment is in distributing facilities. Development of new scientific gadgets which would permit sending power and heat by radio waves (in controlled form) might do away with the need for much of this huge investment in wires, poles, underground cables and pipes, household meters and wiring, etc.

But unless wartime research (now under a cloud of secrecy) has already given birth to some such development, it seems unlikely to threaten the industry for many years to come. If the 10 or 20 years of research which has probably been crowded into the wartime period (through the development of radar, etc.) has not produced the necessary scientific devices, they seem unlikely to come for at least another decade or so. And if they do, the utilities may be able to adapt themselves, as they have in the past, since they will still own the central stations for producing electrical energy.

Only the development of atomic power, in a form adaptable to small household units, would be likely to put the utilities completely out of business. And this is a scientific dream which, even with our present acceleration of engineering progress, seems unlikely for another century or so. All our present devices for dealing with destruction or transmutation of elements (breaking up the atom and remolding it) require huge pieces of apparatus and tremendous application of electric power. Small and inexpensive units producing atomic energy seem out of the question until we have gone a long way further toward understanding what makes nature "tick."

(4) Utilities have been going through a cycle of government hostility similar to that which marked the agitation over railroad "watered stock" in an earlier period. The railroads lived this down and proved that their invested capital had been honestly used. The utilities are going through a similar purification process. The Federal Power Commission, the SEC and some of the State Commissions have already forced the utilities to remove a huge amount of so-called "write ups" from their books. Part of this program remains to be completed, but investors have learned not to fear the results. In some cases rate readjustments have followed, but these are determined by local rather than Federal commissions, and are seldom as drastic as expected.

In Pennsylvania the local commission in a recent notable decision on Pennsylvania Power & Light rates disagreed with the Federal write-off results, and encouraged the utility company to earn a bigger amount before there would be any threat of a rate readjustment. The utilities have been reducing their residential rates for a long period of years, and the drastic regulation by Federal utilities in the past decade has only moderately accelerated this downward trend.

Signs are multiplying that the period of over-regulation and government competition has passed its climax. The pendulum seems to be swinging the other way. While some of the commissions may still bring forth drastic anti-utility decisions, it appears more likely that these may be "toned down." New theories of "retroactive" readjustments, calling for huge depreciation reserves and scaling down of invested capital, may be less in evidence. It may be too late to stop the trend toward "aboriginal cost" (cost when the property was first used for public service) but the utilities should stiffen their resistance to unfair .treatment of amortization of plant acquisition adjustments—money actually invested by security holders which the SEC or FPC may want written off over a period of years. In the writer's opinion such amortization represents destruction of capital. It should be placed "above the line" (along with any corresponding tax reduction) and taken into account in considering fair return on investment.

(5) The major hope for increased earnings of utilities in the post-war period lies in a readjustment of federal corporation taxes, and a realization by Washington that utilities have been discriminated against with respect to their tax burden. Federal taxes on income in 1943 equalled nearly 80% for stockholders. Abolition of excess profits taxes—which make up over half of Federal taxes on income—would substantially increase utility earnings. This adjustment would probably more than outweigh the loss of the big industrial load produced by wartime activity, since the margin of profit on power sales to munitions plants is low. With a reasonable degree of post-war prosperity, and a supply of household electric appliances again available, the increase in the residential load may also more than outweigh the loss of industrial business.

Summarizing, utility stocks still appear favored by underlying trends. But the investor should beware of "mystery" stocks and junior issues likely to be wiped out or given limited participation by SEC plans and court orders. There are plenty of legitimate opportunities for appreciation without plunging into the speculative jungle in search of rare bargains.

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To the Holders of

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First and Refunding Mortgage Bonds, Series B 3½%
Due September 1, 1968

First and Refunding Mortgage Bonds, Series C 3⅛%
Due March 1, 1971

First and Refunding Mortgage Bonds, Series D 3%
Due April 1, 1974

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Indenture dated November 1, 1935 between Virginia Electric and Power Company and The Chase National Bank of the City of New York, Trustee, as supplemented and modified, and pursuant to the provisions of the aforesaid Bonds, Virginia Electric and Power Company has exercised its option to call for redemption, and will redeem and pay, on **June 4, 1945,** all of said Bonds of Series B at 105% of the principal amount thereof, all of said Bonds of Series C at 109% of the principal amount thereof and all of said Bonds of Series D at 106¼% of the principal amount thereof, together, in each case, with interest accrued thereon to said date of redemption, being the respective redemption prices specified in said Indenture as supplemented and modified and in the Bonds. Under the terms of said Indenture as supplemented and modified, all of said Bonds have ceased to be entitled to the lien thereof, and from and after **June 4, 1945** interest on all of said Bonds will cease and all liability of Virginia Electric and Power Company for the payment of the principal of said Bonds, and interest and premium thereon, will cease.

All said Bonds should be presented for payment and redemption at the principal trust office of **The Chase National Bank of the City of New York (11 Broad Street, New York, N. Y.)**, with all appurtenant coupons due on and after September 1, 1945 in the case of said Bonds of Series B and Series C and October 1, 1945 in the case of said Bonds of Series D. Bonds registered as to principal should be accompanied by duly executed written instruments of transfer in blank.

VIRGINIA ELECTRIC AND POWER COMPANY
Dated May 4, 1945 *By* J. G. HOLTZCLAW, *President*

PAYMENT IN FULL IMMEDIATELY

Holders of Virginia Electric and Power Company First and Refunding Mortgage Bonds Series B, Series C and Series D called for redemption by the foregoing Notice of Redemption may immediately obtain the full redemption price of said Bonds, including interest thereon to June 4, 1945, by surrendering such Bonds, with all appurtenant coupons required by said Notice of Redemption, at the aforesaid office of The Chase National Bank of the City of New York, with which, as Trustee as aforesaid, funds sufficient for such payment have been deposited.

VIRGINIA ELECTRIC AND POWER COMPANY
Dated May 4, 1945 *By* J. G. HOLTZCLAW, *President*

Public Utilities Research

For some years Public Utility Service Reports have been one of the features of Shields Research Service. These reports have kept our clients regularly informed on the outlook for the utility companies and the underlying values of their securities. Our trained specialists have kept abreast of developments, analyzing tax and regulatory laws, reconversion problems and long-term growth prospects for the industry. Technical assistance of a prominent engineering firm, retained as consultants, supplements the work of our staff. Research has been continuous on the dissolution provisions of the Public Utility Holding Company Act which have confused many investors.

Information about our reports, which are designed to give practical assistance, may be obtained by writing Mr. T. L. Crockett, the partner in charge of this department.

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Mutual Funds

Cash Position

Investment companies as a group increased their cash positions moderately during the first quarter of 1945, according to a study issued recently by the National Association of Investment Companies. Total cash and U. S. Government bond holdings of the 30 largest broadly diversified funds amounted to $97 million on March 31, this year, or approximately 8.9% of total assets of $1,096 million. Three months previously, cash or its equivalent held by the same funds totaled $89 million, or 8.5% of $1,048 million total assets.

Optical Illusion

Hugh W. Long & Co. places the market "under a magnifying glass" in a new folder on the **Railroad Equipment Industry Series of New York Stocks, Inc.**

"Any standard chart of the market," writes the sponsor in a covering letter, "is an optical illusion. You don't see all the opportunities for profit. But you can see them when you look at the market through a magnifying glass which reveals the behavior of industries."

The folder shows a picture of the market—a single line between October, 1939, and December, 1944—which indicates that prices were about the same at the end of that period as at the beginning. A second chart reveals, however, that there was considerable variation in the performance of individual industries, some advancing and others declining during the period.

But picking the "right" industry is not enough either. A third chart shows the performance of individual stocks in the Standard & Poors Business Equipment Index for the period. While some stocks advanced more than 100%, others advanced less than 10%. The answer is diversification among selected stocks within the right industry.

The balance of the folder is devoted to the railroad equipment industry which "looks like the right industry today."

Railroad Bond
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Switches

National Securities & Research Corp. has issued a memorandum suggesting switching from high-grade bonds into shares of **National Bond Series.** This switch is recommended for the following purposes:

1. To obtain a higher rate of income.
2. To exchange one safety factor with a combination of four.

The four safety features of National Bond Series are described under the headings (1) diversification, (2) researched selection, (3) supervision and (4) higher coupons.

"The combination of these four protective features represented in National Bond Series would seem to support an attractive switch from high-grade bonds to shares in this fund as a means of obtaining a sizably higher return without undue increase in risk."

Insurance Companies and Railroad Bonds

Distributors Group, in the current issue of **Railroad News,** comments on the trend of investing in railroad bonds by life insurance companies.

"In the first 16 weeks of 1945 life insurance companies invested $228 million in railroad bonds—more than six times as much as in the same period last year!

"You will recall that our Investment Research Department has consistently forecast this trend. We now forecast a further increase in railroad bond purchases by the insurance companies and by the banks."

Keystone Preferred Stock Fund

Keystone Corp. devotes the current issue of **Keynotes** to a breakdown of the values and earnings back of the 50 preferred stocks currently held in the portfolio of **Keystone Preferred Stock Fund K-1.**

The net asset value for these preferred stocks at the end of 1944 were $4.3 billion, or approximately three times their total par value of $1.4 billion.

Five-year average earnings per share for the period 1940-44 amounted to $16.29 on this group of stocks as against an average regular dividend rate of $5.39, giving full dividend protection three times over.

George Putnam Fund

The Trustees report that relatively few changes were made in the portfolio of **George Putnam Fund** during April. On May 1, investments were divided as follows:

	May 1, 1945
Investment Backlog	28%
Dependable Fixed Inc. Portion	27
Common Stock Portion	45
Total Net Assets	$13,051,600

In their current portfolio review, the Trustees stress the fact that the George Putnam Fund was designed and is managed for the **conservative** dollar.

"It is hard to build glamour and excitement around a task of this sort but, if well done, it carries a great satisfaction. As a dealer once said, 'I get more pleasure in thinking about the money I've saved my clients than about the money I've made them.'"

Plough-Back

Lord, Abbett, in the current **Investment Bulletin** on **Union Preferred Stock Fund,** charts the gain in the average market price of the portfolio securities as compared with their reinvested earnings during the last five years.

"Compared with their average price of $48.35 on Dec. 30, 1939, the portfolio stocks are now selling for $71.53, a gain in price of $23.18, or almost 50%. From their earnings during this same five-year period, however, these companies kept in cash or reinvested in their properties an average of $32.88 per share!"

Canadian Investment Fund

During the first quarter of this year outstanding Special Shares increased by 27,727 and total net assets amounted to $10,945,956 on March 31, 1945—a gain of more than $300,000 since the end of the year.

Mutual Fund Literature

Lord, Abbett—Current issue of **Abstracts;** Composite Summary folder on Lord, Abbett sponsored funds for May; revised copy of descriptive booklet on **American Business Shares;** current prospectus on **Union Trustees Fund** dated April 27, 1945. . . . **Wellington Fund**—A new desk blotter showing 1945 market trend and 10-year record of Dow-Jones Industrial Average. . . . **Hugh W. Long & Co.**—Current monthly portfolio folder on **Manhattan Bond Fund.** . . . **A. W. Smith & Co.**—Revised prospectus on **General Investors Trust** dated May 15, 1945. . . . **Keystone Corp.**—Current issue of the monthly **Keystone Investor.** . . . **Distributors Group**—Current monthly **Investment Report;** current portfolio folders on **General Bond Shares, Railroad Bond Shares** and **Low Priced Shares.** . . . **Selected Investments Co.** — Current memoranda on investment company shares for trust investment; current issue of "These Things Seemed Important." . . . **Calvin Bullock**—A new current data and portfolio folder on **Dividend Shares.** . . . **Hare's, Ltd.**—A new issue of "Current Considerations" on New York City bank stocks.

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Wall Street Opens War Loan Drive

Wall Street went all out for the Seventh War Loan on May 14, the first day of the drive, turning all of its sales personnel over to the Treasury for the duration of the drive, and putting on holiday garb in the form of Seventh War Loan flags and banners, and sold and bought war bonds by the millions to the slogan of "Speed the Wall Street Armada to Tokyo—1,600 B-29s," to be financed by the syndicate comprising New York Stock Exchange, Curb Exchange, and other investment groups which have undertaken a billion dollar goal.

Pacing the syndicate were all of the banks and savings and loan associations. Promptly at 9 o'clock Presidents and Chairmen of all of these 110 institutions personally undertook, in sparking their organizations' campaign, the sale of war bonds to the public in the lobbies of each of their buildings.

Fletcher L. Gill, Director of the Banking and Investment Division, War Finance Committee, had as his first customer Emil Schram, President of the New York Stock Exchange, who bought an E bond and, in keeping with the Exchange's endorsement of war bonds at the nation's best investment, offered and sold a corresponding bond to Mr. Gill.

Formal opening of the Wall Street syndicate's campaign for $1,000,000,000 was observed on May 15 in the form of a rally held on the Sub-Treasury steps, which dedicated the achievement of its goal to the five Marines and one Navy pharmacist's mate who raised Old Glory atop Mt. Suribachi. The syndicate presented $1,000 war bonds to the gold star mothers of the three Marines in that picture who were killed, and also to the other three boys recently returned to this country, all of whom were present. Emil Schram, President of the New York Stock Exchange, conducted the rally, and also participating were Brigadier General Haywood S. Hansell Jr., First Commanding General of the 21st Bomber Command, who directed the initial B-29 mission over Tokyo; Lt.-Col. Donald L. Dickson, USMC, who raised the first American flag over Guadalcanal, and Allan Sproul, President of the Federal Reserve Bank.

National City of Cleve. Reaches Century Mark

National City Bank of Cleveland today, May 17, has become one hundred years old. The bank was started in 1845 in Cleveland which at that time had only 1,500 families. Cleveland was a village of dirt roads and stage coaches, log cabins and crude weather-beaten frame buildings. The bank has grown with the town and its services continued all of these years without interruption.

The bank's aim of flexible policies in keeping with the visions of leaders and advancing needs of the times which it has followed will be continued by the present directorate, management and employees as it begins its second century of service.

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Tomorrow's Markets Walter Whyte Says—

Lack of unanimity in averages points to breakers ahead. Negative rail action cancels positive industrial performance. Stops should be advanced.

By WALTER WHYTE

Last Thursday's reaction did little to clear the atmosphere. If it did anything it added to the clouds that already were thick enough. The average trader whose knowledge of the market comes from reading market letters or listening to his customer's man got the same old double talk which left him floundering in a sea of doubt.

* * *

Friday's and Saturday's minor recovery helped a little. At least it removed the feeling of urgency that every reaction brings with it. As this is being written the confusion of last week is still present. The reason I stress this feeling of doubt and apprehension is that within it are the seeds of a setback that nobody in his right mind can call "a healthy reaction." Let that spirit of fear, or disorganization, become cohesive and a sharp break will become inevitable. It will be the same old mob spirit all over again. I have frequently stressed the importance inherent in any mass public market action. It can take stocks up to fantastic levels. It can also depress them to unbelievably low points.

* * *

Hardened professional traders are aware of this public tendency and play it for all it's worth. I realize this sounds as if I were delivering lectures from the Olympian heights. But I have seen and experienced too many of the things I try to warn readers against to let them pass without some comment.

* * *

That the market is no longer in a safe area is no secret to readers of this column. As recently as last week I warned that a sharp lookout

(Continued on page 2195)

Six War Years of British Banking

(Continued from page 2165)

bank operations in London, the other banks having been organized elsewhere and later coming to London from the Provinces. It was established in London in 1834, following the passage of the bank act of 1833, which made joint stock banking permissible in London for banks other than the Bank of England.

Barclays Bank probably has carried on banking operations under a part of its present name, and on the present site of its head office, for a longer period than any other of the "Big Five." In 1736 it is recorded that one James Barclay came into partnership with "Joseph Freame, a 'citizen and goldsmith' carrying on business at the sign of the Black Spread Eagle in Lombard Street." Some of the founders of the banks now merged in Barclays were engaged in banking on this particular site as far back as 1728, while these and other founders actually started business in Lombard Street before the end of the 17th century. Lloyds Bank had its origin as Lloyds and Co., in Birmingham in 1765, but this bank as it is known today had its origin as a joint stock bank as a result of the amalgamation of a number of banks in 1865. It is the first of the larger English banks to adopt in full the recommendations of the Cunliffe Committee on Banking, by which more informative data are disclosed in its balance sheets than in those of any other bank. The National Provincial Bank, among other claims to distinction, is said to have the most artistic banking building in the City of London. It is the smallest of the "Big Five" but still one of the largest commercial banks of the world.

Composite Balance Sheets Show Six-Year Increase Over 1938 Figures

Composite balance sheets, made up of selected items from the balance sheet totals, are presented below in Table I for the years 1944, 1938 and 1929. The year 1938 was the last full year of normal banking operations before the beginning of World War II, while the year 1929, included for comparative purposes, reflects conditions in the last year before the big depression got under way.

TABLE I—COMPOSITE BALANCE SHEETS
(SELECTED ITEMS) FOR BRITISH "BIG FIVE" BANKS

	1944	*1938	†1929
Liabilities—			
Capital paid up	£65,626,663	£65,626,663	£63,901,010
Reserve funds	54,660,182	50,480,766	52,482,541
Current, deposit and other accounts	3,928,702,197	1,927,072,761	1,630,934,880
Liability for acceptances, endorsements, etc.	85,983,142	104,821,452	154,466,347
Assets—			
Cash on hand and at Bank of England	432,383,342	218,711,275	210,066,717
Balances with and checks in course of collection on other banks	152,534,324	73,341,254	62,763,672
Money at call and short notice	150,832,390	120,654,745	124,321,243
Bills discounted	128,984,058	217,180,710	196,067,529
‡Treasury deposit receipts	1,501,000,000	--------	--------
§Investments	1,459,603,881	519,196,773	196,546,890
Advances	646,951,396	844,657,216	882,574,528
Bank premises	34,732,157	36,266,516	34,152,173
Complete balance sheet totals, all items	£4,138,931,994	£2,175,393,063	£1,901,822,590

*Last full year of operations before World War II. †Last pre-depression year. ‡A new balance sheet item, used for first time in 1941. §Excluding investments in affiliated institutions.

Deposits Up 100%, Capital Structure Unchanged

As is the case with American banks, deposits of all kinds have reached by far the highest point on record. In the six war years they have increased from £1,927,000,000 to £3,929,000,000, or over 100%. British bankers recognize this as a war-time phenomenon due mainly to deficit war financing by the Government through the banks. They trust that when the Government's extraordinary demand for funds begins to fall off that this situation will more or less correct itself. And, despite this 100% increase in deposits, no steps have been taken and apparently there is no agitation to have the capital structure of the "Big Five" brought up more into line with these huge deposit holdings. Paid-up capital has remained the same as in 1938 and before, and while reserves have increased by about £4,000,000 since 1938, this represents, for the most part, a further partial restoration of the reserves which were written down in the depression years 1932 and 1933.

No breakdown is shown in the banks' individual balance sheets in the deposit item. "Current" accounts are the same as our demand deposits, while "deposit accounts" cover items analagous to our time and savings deposits. In the statements made at the annual meetings of the "Big Five," it is apparent that most of these deposits fall into the category of time and savings deposits on which a rate of interest is paid. Hence, these increased deposits, with little opportunity for their profitable investment, are more of a problem than a blessing.

New Balance Sheet Item—"Treasury Deposit Receipts"

Another significant change in the composite balance sheets is the appearance of a new balance sheet item, which appeared for the first time in the year-end balance sheets for 1941, "Treasury Deposit Receipts." This has been a development of war-time finance where this device has been increasingly used by the Government for handling most of its floating debt through the banks. These Treasury Deposit Receipts have a currency of six months and bear 1⅛% interest, and are thus a good money market item. The amounts held by the different banks vary, ranging from over 38% of all deposits in Lloyds Bank to over 60% of total deposits in Barclays, and reaching a total of some £1,501,000,000 for the five banks at the end of 1944. They have become the largest single asset item in the "Big Five" bank accounts, more than twice as large as "Advances," i.e, Loans and Discounts, and "Bills Discounted" together. These items formerly had "pride of place" in British bank statements.

And, while the banks are thus willing to assist the Government in every possible way, they are raising the question as to what will happen after the war, when the expected demands for loans to assist in conversion of industry from a war-time basis to one of peace takes place. "Treasury Deposit Receipts," they say, "have a currency of six months, and from a banking point of view are an ideal investment, as every week considerable amounts mature; but, if at the same time, the Treasury make corresponding demands for renewals (and demands for renewals and increases have been taking place right along), no fresh cash will be available from that source for lending to industry." These Treasury Deposit Receipts are discountable at the Bank of England, but to lend to the Government at 1⅛% and to borrow from the bank at 2% does not appear to the bankers to be an economical or profitable proposition.

Government the Largest Borrower

Again in similar fashion to that in the United States, the Government is the largest borrower from the joint stock banks. As I wrote in an article for the "Commercial and Financial Chronicle" last August ("Ten Years of the FDIC," Aug. 3, 1944), loans by American banks had fallen to $18,900,000,000 to their own customers at the end of 1943, while at the same time our banks were increasing their loans to the Government through increased purchases of direct and guaranteed securities to the extent of $58,694,000,000, or three times as great as their loans to all other borrowers. The same has been true with the "Big Five" English joint stock banks.

Three items in the British bank statements reflect the extent to which they are increasing their advances to the Government. When the item for "Bills Discounted" is broken down, as it is in the case of the statements of three of the five banks but not in the other two, it is seen that "Treasury Bills" account for a large part of this item. From a total of Bills Discounted for all of the "Big Five" for 1944 of £128,984,058, the Treasury Bills held by the Midland Bank, Lloyds Bank, and the National Provincial Bank together total £74,378,903. If the other two banks hold similar proportions, this means a total for the five of over £100,000,000 out of their Bills Discounted. These are direct advances to the Government, and must be added to the item for Treasury Deposit Receipts of £1,501,000,000.

The third item is in the net investment accounts of the banks. These are some three times as great as they were in 1938 at the outset of the war, and more than seven times as great as they were in 1929. From a partial breakdown of the investments in the individual bank statements for 1944 it is shown that a total of £917,920,000 of the aggregate investment holdings of these banks of £1,459,604,000 are "securities of, or guaranteed by, the British Government." The three items together — Treasury Bills Discounted, Treasury Deposit Receipts, and Government Securities—show a total of £2,518,920,000 of advances by the "Big Five" to the Government, or some 64% of their total resources. If four-fifths of the Bills Discounted in 1938 were Treasury Bills, and if approximately four-fifths of the banks' investments were in Government securities, this represents then an increase from some £589,100,000 of advances in one form or another to the Government in 1938 to £2,518,920,000 in 1944, or an amount almost five times as great as in the former year.

Net Profits of "Big Five" Back to Depression Low

Despite this phenomenal increase in deposits and total resources of the "Big Five," it is interesting to note that their aggregate net profits are back to the depression level of 1932—the low year of that depression. Net profits for these banks for the years 1944, 1938, 1932 and 1929 are shown below.

TABLE II
NET PROFITS OF "BIG FIVE" BANKS
(£,000 omitted)

Bank—	1944	1938	*1932	1929
Midland	£2,038	£2,446	£2,019	£2,665
Barclays	1,673	1,926	1,574	2,332
Lloyds	1,655	1,705	1,550	2,542
Westminster	1,367	1,557	1,495	2,160
National Provincial	1,271	1,776	1,593	2,225
Aggregate profits	£8,004	£9,396	£8,231	£11,924

*The low year of the depression.

Two factors are mainly responsible for this decline in aggregate profits. One is the extremely liquid position of the banks in question and the other is the marked falling off in the principal earning assets of the banks, namely Advances and Bills Discounted. It will be noted in Table I above that the items Cash on Hand and Checks in Process of Collection in 1944 total approximately £600,000,000, while the same items in 1938 and 1929 were slightly under £300,000,000. This much greater liquidity is due in part to the lack of profitable avenues of investment for the excess deposits the banks hold, and in part to the desire of the banks to be ready at all times to meet possible calls of their depositors for their funds for use in the reconversion of their industries from a wartime to a peace basis.

In the composite balance sheets for 1938 and 1929 in Table I it may be noted that in both of those years Advances—loans of the "Big Five" banks to their customers—were equal to just about 50% of total deposits. In an earlier composite balance sheet study I made of these banks for the years 1927 and 1928 (see "Commerce Reports" of Feb. 25, 1929). I indicated that the ratio of advances to deposits was 52.8% in 1927 and 52.7% in 1928. This meant that in most of the interwar years the banks were able to use a comparatively large portion of their deposits on a much more profitable basis than that of lending them to the Government on Treasury Deposit Receipts at 1⅛%, or on Treasury Bills which have averaged about ½ of 1% during the war period. Until the advent of the "cheap money policy" of the Government in the mid-thirties, the rule of thumb method for setting rates for advances was "one above Bank Rate, minimum five." That is, if the Bank of England discount rate was 6%, the joint stock banks' rate to their customers was 7%. If the Bank Rate fell to 3 or 4% the "minimum five" part of the rule applied, and the rate on all such advances was 5%. It will be seen in Table II that in 1929 when this relationship between loans and deposits existed, all of the "Big Five"—even the smallest—had profits of over £2,000,000, and at that time the pound was worth $5 instead of $4 as at present. Hence, it is not surprising to read in the annual statements of the chairmen of the banks from year to year that they look forward hopefully to the return of free enterprise after the war, to a free economy in which more normal relationships in banking may be reestablished. And while they have been willing to help the Government in every reasonable and possible way in its war effort, they await expectantly for the day when "pride of place" in their bank statements will again be taken by Advances, Acceptances, and Bills Discounted rather than by items which represent the growing dependence of the Government on the commercial banks in its deficit war-time financial program. Again, in this respect, both American and British banks have a great deal in common.

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Canadian War Taxes Restrictions Relieved

An outline of the general Canadian policy for the removal of controls and preparation for conversion from a war to peace economy includes reduction of some special war taxes and elimination of others, a statement issued on behalf of Acting Prime Minister J. L. Ilsley, announces, according to Associated Press advices from Ottawa, May 10.

One of the changes Ilsley announced included plans for relaxation of restrictions on travel by Canadians to the United States.

Other main points in Ilsley's statement were: Removal of the 25% special excise tax on household electric and gas appliances. Reduction of the special excise tax on radios, phonographs and cameras from 25 to 10%. Repeal of the 8% sales tax on building materials, and changes in the special excise tax on passenger automobiles from a graduated scale running from 3 to 80% to a flat 10%.

Pittsburgh Bankers Elect New Officers

Paul C. Harper, Vice-President of the Forbes National Bank, was elected President of the Bankers Club of Pittsburgh. T. C. Swarts, Executive Vice-President of the Woodlawn Trust Co., Aliquippa, was elected Vice-President, and A. J. Huglin, President of the Pitt National Bank, was elected Secretary-Treasurer.

Directors are: Francis Crandall, Mellon National Bank; John W. Kossin, Federal Reserve Bank of Cleveland; J. K. Webster, Sewickley Valley Trust Co., J. Regis Walthour, First National Bank of Greensburg; Everett M. Jones, Farmers Deposit National Bank; L. E. Huseman, First National Bank of Wilkinsburg, and ex-officio, Herman M. Schaefer, Keystone National Bank.

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Canadian Securities

By BRUCE WILLIAMS

An eminently satisfactory Alberta debt refunding plan is now an established fact and complete agreement has finally been reached between the Government of Alberta and the Alberta Bondholders' Committee.

The steady confidence in such an outcome, continually expressed in this column since the death of the pioneer of Social Credit, former Alberta Premier Aberhart, was in disregard of minor obstacles such as the original incompatibility of outlook of the representatives of the Alberta Government and the Bondholders' Committee, and the fanaticism of a few Social Credit party diehards. Our firm belief in a solution that would result in a full rehabilitation of the credit of Alberta was based primarily on anticipation of intervention by the Dominion Government, which immediately following the original default in 1936 instituted the Rowell-Sirois Royal Commission and has awaited ever since a favorable opportunity to remove this blot on the Canadian financial record, and secondly on the broad fact that the return of prosperity would weaken the Social Credit party's belief in the monetary doctrines which were conceived during a period of despression.

Now, thanks to the firm constructive attitude of Finance Minister Ilsley, and the return to financial sanity of the Alberta Government, the Province of Alberta, with its finances on sound basis and with the cooperation of the Dominion Government and the financial community, can now look forward to full development of the great natural resources of the province and can ultimately take its rightful place among the leading provinces of the Dominion.

Looking at another cinderalla section of Canada but this time on the neglected eastern flank, it is interesting to note some significant stirring of economic life. The 23,900 square miles of highest Bessemer type iron-ore in northeastern Quebec and Labrador to be exploited by the Labrador Mining and Explorating Co. has high potentialities and the enterprise might rank eventually with other great Canadian mining enterprises such as the Consolidated Mining & Smelting Co., and International Nickel.

Also, just as it has always been known that iron deposits existed in this area, so has the presence of oil in the Gaspe peninsula of Quebec been known to oil interests both on this continent and in Britain since the end of the last century, but so far this knowledge has not been turned to commercial account.

The registration just filed with the SEC by the Gaspe Oil Ventures Ltd. of Montreal, covering a public issue in this country to provide funds for drilling wells on the company's property in the Gaspe peninsula is interesting in many respects.

In the first place it suggests the possibility of Canada being able to satisfy her own oil requirements. About four-fifths of the Dominion's present consumption is imported largely to fill the needs of Ontario and Quebec. If oil in commercial quantities were produced in Gaspe, near tidewater on the St. Lawrence, it could readily be transported by tanker to refineries at Montreal.

This announcement was also noteworthy as it is the first case where a Canadian commercial enterprise has been registered with the SEC and it is to be hoped that now the precedent has been established that it will become the rule rather than the exception. Too large a volume of capital is now going north to provide speculative profits rather than funds actually employed to develop Canadian mines and natural resources.

Turning to the market for the past week, there was still no departure from the long established pattern of firmness with small turnover. Long term high grades continued in demand but supply was meagre. Manitobas continue to belie their credit rating and the long term bonds registered a new high level.

Albertas naturally provided the greatest activity but it was somewhat surprising to note a slight recession of prices on the announcement of the refunding plan. A similar contradictory reaction took place when it was known that Premier Manning's unsatisfactory plan would be unacceptable. Too much is at stake and too much care has been devoted to the preliminary steps in the plan to permit any hitch to develop. It would appear, therefore, that there is still scope for further early improvement.

There was a continued demand for internal bonds and mining shares and recourse to official funds was still necessary to provide the supply in the "free" market.

With regard to the possible future trend. there is still little likelihood of any change from the present pattern of strength with restricted turnover.

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OUR REPORTERS' REPORT

Running up the flag-hoist for "well done" on completion of the vast volume of corporate financing carried through in the last six weeks or so, the underwriting fraternity and its dealer organizations turned to this week to lend the nation's Treasury a hand in putting its Seventh War Loan Drive over the top.

The banking and investment division of the State War Finance Committee has set itself a tough goal, "a billion dollars to create a fleet of 1,600 B-29s to bomb Tokyo." That's several hundred million dollars more than the objective set in earlier campaigns and well above the official quota set for the district.

But the financial community, taking its cue from the accomplishment of our armed forces in the field, does not think it is too much. In fact, the expressed hope is that the set goal can be passed substantially as a distinct warning to the Japs that there has been no let-down in our determination to carry the war to them despite the unconditional capitulation of the Nazis.

And whereas a fortnight ago there might have been some misgivings that the investment houses would be carrying sizeable unsold portions of some of the recent flotations, it develops that such is not the case.

On the contrary, inquiry around the street, particularly among dealers, indicates that stocks on shelves are not by any means unwieldy and are moving out well under persistent demand.

Depending on Conditions.

Unless there is a drastic change in underlying conditions in the money market, and that does not appear likely to develop, the late summer and early fall give promise of another period of intense activity in the new issue market.

From conjecture currently, it looks as though the railroads will continue as the major source of new emissions in that period.

At the moment this prospective refinancing is admittedly in the discussion stages only. But unless railroad traffic, and consequently earnings, decline severely in the interval, something which is not expected, it looks as though four large roads alone will undertake refunding operations that could involve approximately $350,000,000 of new issues several months hence.

So. Pacific Tops List.

Heading up the list is the Southern Pacific, which is reportedly giving consideration to an elaborate refinancing program involving $155,000,000 of first 4s due 1955, which may pare the total of the new debt somewhat.

Louisville & Nashville is said to be contemplating replacement of outstanding 4s and 3¾s, due 1960 and 2003 respectively, with lower coupon issues. This would involve a total of around $53,000,000.

Pennsylvania, meanwhile is locked upon as a possibility for refundings involving outstanding issues with a face amount running to around $84,000,000.

Delaware & Hudson is understood to be eyeing the market with a view to revamping its debt structure by consolidation of certain outstanding obligations involving around $50,000,000.

Lone Industrial in Sight.

There is the usual ample sprinkling of public utility potentials, but thus far only one industrial refinancing undertaking has come into sight.

Union Oil Co. of Calif., shareholders, at a special meeting, will pass on a program drawn by the management, involving refinancing of its $25,000,000 of outstanding 3s, and liquidation of bank loans in the amount of $12,000,000.

If approved, the plan would net the company approximately $10,000,000 in new working capital. The proposal calls for the authorization of 500,000 shares of preferred stock to be issuable in series and the immediate sale of 250,000 shares, along with $25,000,000 of new 25-year 2¾ per cent debentures.

Public offering of the new preferred would be undertaken shortly after completion of the current Seventh War Loan Drive.

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Stock Exchange Quota For Greater NY Fund

The Stock Exchange Division of the Greater New York Fund has accepted a quota of $20,000 for the Fund's 1945 campaign, it was announced recently by Harry M. Addinsell, Chairman of the Finance Section, who is Chairman of the board of the First Boston Corp. The announcement was made at a meeting on the Stock Exchange Division Committee, held in the office of the Division's Chairman, Charles L. Morse Jr., partner in the firm of Hemphill, Noyes & Co., 15 Broad Street.

A committee of 34 brokers has been enlisted to conduct the appeal among the Stock Exchange firms on behalf of the 408 voluntary hospitals, health and welfare agencies which participate in the Greater New York Fund. E. Coe Kerr of Joseph Walker & Sons, is Chairman of the Floor Brokers sub-division, and Laurence M. Marks, last year's Division Chairman, is serving again on the committee.

Also present at the meeting was J. Stewart Baker, Chairman of the board of the Bank of the Manhattan Co. and the Fund's General Chairman. Mr. Baker addressed the committee on the purposes of the Fund.

"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

The end of the war in Europe brought an easier tone to the government bond market, with all sections of the list showing declines on light volume. . . . The reluctance of the dealers to build up positions at these levels, which results in a lowering of quotations, has contributed to the market's irregularity. . . . A substantial part of the activity centered around the intermediate maturities of the taxable issues, which have been in great demand and only recently made all-time highs. . . .

These bonds gave ground on not too heavy trading with declines of about three-eighths of a point being registered in the 2s due 9/15/51/53, the 2s of 12/15/51/55, the 2½s of 3/15/52/54, and the June and December 2s of 1952/54. . . .

SELLING

It was reported that selling came into the 2% bonds from individuals, corporations and estates in order to take down profits, with "normal portfolio adjustments" being made by some of the savings banks. . . . It was indicated that certain of these banks in New York State sold the 2s with the proceeds being deposited in the Savings Banks Trust Co. By having their funds in the Trust Company by May 18, the savings banks will get a month's interest on these deposits, before they are used to pay for the securities that will be purchased in the coming drive. . . .

The 2½s due 1956-58 and 2½s due 1967-72 were under pressure, with the latter off about half a point. . . .

PROFIT TAKING

The restricted issues continued to sag, with profit taking appearing in the 2¼s due 1956/59. . . . The middle maturities of the partial exempts went off in sympathy with the decline in the intermediate taxables. The longer partial exempts tended to steady somewhat following President Truman's statement on Tuesday that taxes would not be reduced until the end of the Japanese war. . . .

TREASURY POLICY

As far as could be learned, there has been no change in the policy of the Treasury, with regard to selling by savings banks and insurance companies of outstanding issues, since it is indicated that the Government plans to give the new financing method a thorough test in the coming War Loan. . . .

By finding out the absorptive capacity of the market, in this drive, exclusive of direct or indirect participation by the commercial banks, the Treasury will be in a position to arrange its future financing with respect to the amount of securities that will be offered to these banks. . . .

COMMERCIAL BANKS

In order to keep down debt charges and to forestall unfavorable political developments, it is believed that the commercial banks will get only low-rate short-term issues. . . . Therefore, with new offerings of long-term high-coupon bonds to the commercial banks not in prospect and the supply of investable funds very large, the opinion is held that any recession in the government bond market will be temporary and not very substantial. . . .

Accordingly, it was pointed out that advantage should be taken of periods of weakness to acquire the securities that meet the needs of these institutions, with the commercial banks having time deposits being advised to confine their purchases largely to the long-term unrestricted taxable obligations. . . .

PRICE COMPARISON

The Seventh War Loan drive, which will run from May 14, through June 30, puts increased emphasis on individual subscriptions. . . . Another change in the procedure of the drive is to discourage resale of outstanding issues to the banks. . . . The Treasury has asked all non-bank investors to refrain from selling securities acquired in earlier drives in order to obtain funds with which to purchase bonds in the coming campaign. . . .

The new type of financing adopted by the Treasury in the present War Loan has had a marked effect on the prices of the outstanding securities. . . .

This is particularly evident in the following comparisons of prices at the close of the Sixth War Loan, with those prevailing just before the start of the Seventh War Loan:

—Issue—		—Closing Bid Prices—		Price Change in 32nds
Rate	Maturity	12-18-1944	5-12-1945	
2¾	9-15-1945-47*	101.19	100.25	—26
2½	12-15-1945*	101.29	101.7	—22
3¾	3-15-1946-56*	103.27	102.25	— 1 2/32
3	6-15-1946-48*	103.14	102.25	—22
3⅛	6-15-1946-49*	103.21	102.29	—24
4¼	10-15-1947-52*	109.21	108.29	—24
2	12-15-1947*	103.20	103.19	— 1/32
2	3-15-1948-50	101.27	102.7	+12
2¾	3-15-1948-51*	105.31	105.23	— 8
1¾	6-15-1948	101.8	101.21	+13
2½	9-15-1948*	105.30	105.25	— 5
2	12-15-1948-50*	104.10	104.13	+ 3
2	6-15-1949-51	101.24	102.26	+ 1 2/32
2	9-15-1949-51	101.22	102.28	+ 1 6/32
2	12-15-1949-51	101.20	102.29	+ 1 9/32
3⅛	12-15-1949-52*	109.29	110.2	+ 5
2½	12-15-1949-53*	106.28	107.6	+10
2	3-15-1950-52	101.15	102.30	+ 1 15/32
2	9-15-1950-52	101.7	102.30	+ 1 23/32
2½	9-15-1950-52*	107.12	108.1	+21
2¾	6-15-1951-54*	109.9	110.0	+23
2	9-15-1951-53	100.23	102.30	+ 2 7/32
3	9-15-1951-55*	110.25	111.23	+30
2¼	12-15-1951-53*	106.26	107.15	+21
2	12-15-1951-55	100.24	102.31	+ 2 7/32
2½	3-15-1952-54	103.27	106	+ 2 5/32
2	6-15-1952-54	100.14	102.29	+ 2 15/32
2¼	6-15-1952-55	102.2	104.11	+ 2 9/32
2	12-15-1952-54	100.9	102.29	+ 2 20/32
2	6-15-1953-55*	105.19	106.26	+ 1 7/32
2¼	6-15-1954-56*	107.18	108.22	+ 1 4/32
2⅞	3-15-1955-60*	112.15	113.23	+ 1 8/32
2½	3-15-1956-58	103.21	106.25	+ 3 4/32
2¼	9-15-1956-59†	100.19	102.31	+ 2 12/32
2¾	9-15-1945-59*	111.29	113.2	+ 1 5/32
2¾	6-15-1958-63*	111.28	113.16	+ 1 20/32
2¾	12-15-1960-65*	112.6	114.16	+ 2 10/32
2½	6-15-1962-67†	100.20	102.7	+ 1 19/32
2½	12-15-1963-68†	100.10	101.13	+ 1 3/32
2½	6-15-1964-69†	100.5	101.3	+30
2½	12-15-1964-69†	100.5	100.31	+26
2½	3-15-1965-70†	100.5	100.29	+24
2½	3-15-1966-71†	100.5	100.29	+24
2½	9-15-1967-72	100.21	103.15	+ 2 26/32

*Partially tax-exempts. †Restricted issues.

THE RECORD

Since the end of the Sixth War Loan, 26 all-time highs have been made in the bond list, six in the partially exempts with the balance in the taxable issues. . . . The sharpest gain was made in the 2½s due 3/15/56/58 with the 2½s due 1967/72 not far behind. . . . In the 2% group the greatest improvement was registered in the June and December's due 1952/54. . . . The 2¼% due 1956/59 was the leader of the restricted issues. . . . As for the partially exempts, the 2¾% due 1960/65 showed the largest gain, with the 2¾% due 1958/63 next in line. . . . Increases ranging up to one-half point were made in the notes, with some minor betterment being evidenced in the certificates.

Although prices at the start of the Seventh War Loan are higher than in any previous drive, there are indications that certain issues can still move ahead from these levels, if the Treasury continues its present financial policy. . . .

Stemming Tide of SEC Domination

(Continued from page 2163)

number of abuses in so large an industry is no excuse for the stranglehold of regulation now exercised by the Securities and Exchange Commission. We have inveighed against the Commission's treating the securities field as a diseased industry.

Even though the Boren Bill is not intended as an over all one, dealers in all classes of securities should unite behind it. The battle of one segment of the industry should be construed as the battle of all. Every dealer should let all members of the Interstate and Foreign Commerce Committee of the House of Representatives know that he thinks the Boren Bill constitutes desirable legislation and should be acted on favorably since a "bid and asked" disclosure rule would be a vicious innovation.

The members of the Committee are:

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Virgil Chapman, Ky.
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Byrnes Confers With President

Summoned to the White House by President Truman, James F. Byrnes, former director of the Office of War Mobilization and Reconversion, is reported by the New York "Herald Tribune" on May 8, to have spent 90 minutes in conference with the President, after which speculation again rose as to whether Mr. Byrnes will be invited to a high place in the councils of the Administration. Mr. Byrnes admitted that he and the President had discussed "several matters", but refused to disclose what they were.

There are two different lanes of thought in which speculation runs, the "Herald Tribune" states: one, that Mr. Byrnes might succeed Secretary of State Stettinius after the San Francisco Conference; the other, that he might be appointed czar over the entire reconversion program.

N. Y. Com. & Ind. Ass'n Elects Directors

Three new directors were elected and five reelected for three-year terms at the 48th annual meeting of the Commerce and Industry Association of New York, Inc., held May 16 at its headquarters, 233 Broadway, N. Y.. City.

The new directors were Henry Bruere, President of the Bowery Savings Bank; Harold F. Sheets, Chairman of the board and member of the executive committee of the Socony-Vacuum Oil Co., and William L. Kleitz, Vice-President of the Guaranty Trust Co.

Reelected were F. J. Andre, President, Sheffield Farms Co.; S. D. Leidesdorf of S. D. Leidesdorf & Co.; Gerald LeVino, Vice-President, Guiterman Co., Inc.; Laurence Arnold Tanzer of Tanzer & Mullaney, and Francis L. Whitmarsh, President of Francis H. Leggett & Co.

Mead Named to Head Baltimore Exchange

W. Carroll Mead has been nominated for President of the Baltimore Stock Exchange, the "Baltimore Sun" reported May 8. Elections will be held at the annual meeting June 4.

A member of the Exchange since December, 1934, Mr. Mead is senior partner of the local investment banking firm of Mead, Irvine & Co. He was recently released from the United States Marine Corps after serving approximately three years in this country and in the Pacific combat area. He was a Captain at the time of his discharge.

The Nominating Committee also presented the names of three local investment bankers for consideration for election as new members of the Board of Governors for two-year terms. These are John Redwood, Jr., of Baker, Watts & Co.; Harry M. Sheely, of Harry M. Sheely & Co., and Elisha Riggs Jones, of E. R. Jones & Co.

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Prof. Sprague's Testimony Ends Bretton Woods Hearings

(Continued from page 2163)

The CIO witness endorsed the BW program without amendment, chiefly on the grounds that the dollars made available to foreign countries through the Fund and Bank will mean jobs for workers in the export industries. He quoted Pres. Murray and the CIO convention to the effect that "some 5,000,000 jobs can be found in export trades after the war" and that "the sixty million jobs promised by President Roosevelt will also depend upon the expansion of world trade." Mr. Carey added: "We cannot maintain full employment at adequate incomes in this country without a large volume of exports."

Most of the cross examination of Mr. Carey was by Congressman Crawford of Mich., who pointed out the fundamental inconsistency between the above testimony and Mr. Carey's speech before the National Postwar Conference last September—before the CIO had taken an official stand on BW—in which speech Carey said such things as these: "Foreign trade and foreign investment have never been a solution for the ills of domestic unemployment. . . . Foreign loans, without provision for accepting repayment in goods, mean a free gift of the products of American labor to foreign countries—a free gift without asking the workers' or the farmers' consent."

If BW turns out to promote free gifts to foreigners, the CIO, the A. F. of L., the American Farm Bureau Federation, and the National Grange, who testified in support of the program, will hardly be able to say that the result was without their consent. Mr. Carey seemed to be on sound ground when he said—in **September**—"If the foreign loan system is attempted this time, with or without guarantees—that is to say, if it is attempted without provision for repayment in goods—it will constitute a subsidy for employers (and employees) and a WPA for foreigners. . . ."[2]

Prof. Sprague's Experience

Prof. Sprague has long been one of the country's eminent economists. In identifying himself and his experience, he said:

"My past experience has been rather varied. I was for three years on the staff of the Bank of England in the period when England departed from the gold standard in 1931 and was subsequently, at the bank, much concerned with the working of the British Equilization Fund.

"I retired from the Bank in the spring of 1933 and came to the Treasury, where, however, I did not remain very long because of differences of view regarding certain monetary policies of the Administration.

"I have been concerned actively in foreign exchange dealings as a consultant with one of the largest American companies engaged in foreign business. I am a director of a national bank and an adviser of certain investment trusts."

Sprague Answers the Opposition

While it is not possible to reproduce here the full testimony and interrogation of Prof. Sprague, some liberal quotations will make clear his position on BW. We quote:

"Very nearly all of the opposition, so far as I am aware, to the Bretton Woods proposals relates to the Fund. Apparently many people harbor doubts and fears regarding the Fund, but are quite content to see the Bank established.

"Now, it just happens that if I harbored all of the fears that have been expressed about the Fund, I should feel almost more disturbed about adopting the banking proposal; for, if the foreign exchanges are going to be disorderly, and if countries are going to use their quotas in the Fund like drunken sailors, then I should not imagine that the bonds that might be issued by the Bank would prove very satisfactory issues.

"Now, this may seem an extreme position, but I hope I can explain my views as I go on.

"A good many people have appeared before you urging a return to the gold standard or something approaching thereto. That was the general attitude around the world at the end of the First World War. It was commonly believed that a return to the gold standard, with rigid exchange rates, was a necessary first step towards recovery, and when countries returned to the gold standard in the years following the First World War, every one believed that those countries were on gold for an indefinite period of time or until there might be another great war.

"Now, experience did not tally with those expectations. The gold standard did not seem to yield very much in the way of permanent recovery or general restoration of equilibrium. It broke down in time of peace. That is a very important factor to bear in mind because if an attempt were now made to return to the gold standard, no one would believe that it would hold; there would be the doubt and skepticism regarding it such as did not obtain when, for example, England returned to the gold standard in 1925.

"It would be necessary for any country returning to gold to be much more strongly blessed with gold and to be in a stronger trading position than might have been necessary in the 1920's in order to maintain its position with fixed exchange.

"Now, during the years after the departure of various countries from gold, a variety of developments took place which will affect or have a bearing upon the functioning of any sort of exchange relationship in the period after this war.

"In the first place, an immense amount of experience was developed in speculating in foreign exchange; there were a very, very few people who speculated in foreign exchange in the years before the First World War, or, indeed, in the years immediately following the return to the gold standard in the 1920's, but during the 1930's, an immense amount of experience was gained and practiced in speculating against weak currencies.

"Moreover, business concerns having commitments in foreign countries engaged more extensively in covering their risks than had ever been the case before, so that these business concerns do not regard such covering transactions as speculation, but they have very much the same effect upon exchange.

Lessons Learned in the '20's

"Another experience in the '20's might be of significance in this connection. No one ever thought, in the '20's, of the possibility of an elastic adjustment of exchange rates such as is contemplated in the case of the Fund that we are now examining, but can you not imagine that it would have been rather helpful, let us say, in the British case, in the late 1920's—they returned to the gold standard at their old parity and pretty soon they discovered that that was rather an unfortunate move, that the rate was too high relative to the British costs and prices, but there was not any way of meeting that situation at that time.

"No one had ever thought of a slight modification of the exchange rate after you had once gone on to gold. It would have shattered confidence practically as much as going off gold itself, and so the British hung on to the gold standard and at the old rate, until the thing collapsed.

"Now, I think it is reasonable to argue that if the British had been able to reduce their rate from $4.86 to $4.50 or $4.60, say in 1929 or 1930, that maybe they would have escaped going completely off gold with a decline in sterling way below $3.50.

"There is something in being able to bend to the storm a little and that, I believe, is desirably provided for in the Fund proposals. We are likely to get more steadiness, more stability, if you please, with a moderate measure of elasticity than we are if we aim at complete rigidity under existing conditions.

"Now, I come to the present period or the near future. I am a little fearful that people are expecting over much from the Bretton Woods proposals. I should hope that it was clear that they are not designed, and will not serve to remove trade restrictions as distinct from monetary exchange restrictions. It should, I think, be obvious that most countries that have been engaged in the war and presumably most neutrals, must control the volume of imports for a number of years, for an uncertain number of years, if you please.

"When you come to the exchange restrictions, the Fund seems to imply that they may properly be continued for the so-called transition period. I would hesitate to fix a definite time limit, at the end of which exchange restrictions might be removed; it is clear, I think that exchange records must be maintained. That is a development of the last dozen years.

"Now, in all of the countries, all of the dealers in exchange are required to prepare reports which they furnish their respective governments which indicate both the persons involved and the character of the transactions. Such records, I should think, must necessarily be maintained for a more or less indefinite period of time, for otherwise I do not see any means of distinguishing between capital movements and purely trade transactions.

"If the quotas in the Fund are only to be used for trade purposes or closely analogous transactions, you certainly must have somewhere the information required to differentiate those transactions from purely speculative dealings or from capital movements.

"Now, it is going to be an exceedingly difficult matter to distinguish and to prevent capital movements of undesirable or excessive character, but that, I think, must be done during the years immediately ahead, and that is desirable both from the point of view of the operation of the Fund and also from the point of view of the operation of the Bank.

Fund Is Necessary for Bank's Success

"If you do not have the Fund, if you were to establish the Bank only, then I should imagine that most countries would take the view that the only course proper for them was to develop one and another of the various kinds of bilateral commercial special arrangements which were devised in large part by my old friend Schacht of the Reichsbank. That kind of thing was developed in a very extensive way in the '30's and the conditions are not unfavorable to the persistence of dealings of that kind by countries that find it, for one reason or another, exceedingly difficult to pay for even essential imports.

"The Fund does not do very much more, perhaps, than to hold out a hope to the world that the world will move along towards a more universal trading arrangement. But that is something. At least you could not close the door to development along those lines, as I believe you very well may if you decide to throw out the Fund and simply set up the Bank.

"Now, I come to the question of how countries will use their quotas in the Fund. First, let me say that the quotas in the Fund are very different from the proceeds of loans that may be secured through the Bank. When a borrower borrows from the Bank for a particular purpose, he, of course, uses the funds presumably for that purpose.

"Quotas in the Fund are of quite a different sort. They are more in the nature of the gold reserves or foreign balances that central banks have maintained. You do not, because you have a quota in the Fund, directly expend that amount of money. The Fund is drawn upon in the event that all of the variety of transactions of the nationals of a country, in their international trading relations, have incurred obligations of a hundred and one different kinds in excess of the funds available on the other side from what they have sold; exactly in the same way as, in the absence of the Fund, balances are struck, partly by shipping gold and partly by transfers of banking balances.

"I do not think that there is any sound reason for supposing that countries in general will, because of the Fund, adopt a more reckless policy than they would in the absence of the Fund.

"Moreover, there are two safeguards: One is publicity. The Fund must publish an annual report and also a quarterly report of conditions. Therefore, the amount that is drawn out of the Fund by any particular country in a given period of three months will be known, just as is the case with any reduction or change in the position of its central bank.

"I regard that as a decided safeguard in the functioning of the Fund. I do not think that there are many countries that would regard with equanimity the complete use, in any short period of time, of their limited quota in the Fund.

"Another factor — very likely many of these countries may have in contemplation resort to the Bank for these so-called loans for productive purposes. Well, now, do you not think it will be a factor in determining whether one of these long-term loans should be made to a given country that that country seems to be making rather reckless or improvident use of its quota in the Fund? I think the two institutions are in this way very definitely related.

"That is partly my reason for feeling that I would not like to assent to or favor the adoption of the Bank without at the same time favoring or securing the adoption of the Fund proposal as well."

Administration's Export Propaganda

One of the most important statements made by Prof. Sprague relates to the arguments which Administration leaders have been making for a vast post-war "favorable" balance of trade to

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[2] The student of modern public relations will be interested to see how the CIO "News" of May 14 (p. 8) reported the Carey testimony and cross examination.

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be financed by long-term loans and investments without regard to repayment of principal. This argument, offered in a general way as a means of preventing large unemployment, has been voiced by Mr. Harry Hopkins, Mr. Wayne C. Taylor,[3] Mr. Lauchlin Currie, and others. It has been applied particularly to Bretton Woods by the Treasury, as well as such organizations as the CIO, quoted above. Secretary of the Treasury Morgenthau put great store by this argument in his speeches on the Fund and Bank broadcast to the nation from St. Louis, Minneapolis, and Detroit, where he rashly promised, through BW, "a steady export market of at least a million cars a year." It is in the light of these statements that Prof. Sprague's remarks quoted below are of interest:

"I suppose the greatest difficulty that may present itself in the working of the Fund, is the ability of the United States to produce some different desirable commodities more cheaply than in any other country. There is a danger of excessive purchases of American products of one sort and another in the immediate years following the cessation of hostilities. Possibly the establishment of the Fund may permit somewhat greater exports from the United States for a shorter period of time than might otherwise be the case. That would certainly be true if foreign countries used their quotas improvidently, but it is neither desirable for us nor for foreign countries that exports expand to an unnecessary extent beyond vital needs to the rest of the world.

"There is nothing to be gained in this country from an increase of 25% in exports if that is an increase that can not be maintained. Better a 10% increase of exports that can be maintained than a 25% increase that can not be maintained. For that reason I think we should regard with favor the maintenance of trade restrictions in other countries which will permit them to make necessary adjustments, get on their feet, and begin to produce in a normal fashion. And we, I think, should support conservative policies on the part of our fellow members in the Fund, directed towards a moderate use of their quotas.

"To me, there is something dangerous in a doctrine that goes about in this country that we need to export 8 or 10 billion dollars' worth of goods a year in order to maintain employment. I do not think that that is true. I think we had better use much of that labor to produce things for home consumption. And, anyhow, a huge increase in exports, though it may temporarily provide employment, is a shifting sand, because it means smothering the rest of the world with our goods and complicating and enforcing upon them probably the establishment of restrictions of all sorts."

Favors Repeal of Bimetallism and Gold Powers

Under questioning by Congressman Brumbaugh of Pa., Prof. Sprague stated that the nations of the world today would not accept bimetallism; that bimetallism would not help the British, the French, and so on. Then, to quote:

Mr. Brumbaugh: "But if the Bretton Woods plan is adopted, what would be your opinion of the authority of the President to exercise bimetallism that he has had since 1933?"

Dr. Sprague: "Well, I should judge that the Administration is more or less inhibited from adopting any very novel or unusual monetary devices whatever its statutory powers may be, just as the power of the Treasury, I believe the Secretary of the Treasury has a certain vague power to buy and sell gold at any old price. I think that has not been taken away from him and it troubled some of my monetary economist friends that he has that power.

"Well, I should judge that the Administration has taken such a line in connection with Bretton Woods, that it would be just improper for the Secretary to make any use of that power. It is a kind of an honorable commitment."

Mr. Brumbaugh: "Do you think it should be repealed?"

Dr. Sprague: "Why, yes, I think it might very well be repealed. It has never been used. I am not sure that it was ever to use that for anything more than narrow changes in the buying and selling price of gold, such as always have obtained with central banks; very small variations, depending largely upon the quality of the gold and so on. But I am not really enough familiar with why that provision was included in the statute because it certainly seemed surplusage at the time when the President had those other powers of buying gold."

One Institution or Two?

Mr. Brumbaugh: "What do you think about the Fund and the Bank being under one management?"

Dr. Sprague: "I do not know whether that is desirable. I think a good case could be made for it, for the reason that it may become rather difficult to get adequate management of the two institutions and it is at least quite possible that the Bank might have any large amount of business to do, but that is really a matter on which I have not any very definite opinion. I should clearly judge that they would need to be in very close intimate relations one with the other.

That CED "Plan"

"There is another matter that I think I ought to mention, which I did not bring up, and that is this proposition about extending the power of the Bank to make, what I think was called, stabilization loans.

"I am not quite clear what people mean by 'stabilization loans.' Years ago, one meant by that a specific loan made at the time when a country elected to go back to gold on a definite basis, as, for example, in 1925, when England went back to gold, they arranged a loan over here for a couple of hundred million dollars, I think it was, which they never used. It was a kind of a guarantee. That is one type of stabilization loan.

"Well, clearly, I think there is no immediate occasion for a loan of that kind because I judge that there is not any intention to establish that kind of stability.

"If, by stabilization loan . . . something different is meant, that is to provide needed funds for restoration purposes, as, for example, in the British case, if there is difficulty on the part of industrialists over there in restocking themselves with raw materials, that it might be that a loan of a rather short-term of the character of a few years, could be placed through the Bank and that it would be helpful as distinguished from these long-time production loans which I judge the framers of the proposal had in mind.

"I see no objection to widening the powers of the Bank to make certain kinds of loans of that kind, and I can not imagine that the other participants in the participating countries could have any objection."

Light on the London Economic Conference of 1933

In the course of answering questions of Representative Sumner, of Ill., concerning the British attitude toward gold, Professor Sprague threw some light on the monetary and economic conference held in London in 1933. The following is from the Sprague testimony:

Miss Summer: "Well, in 1933, when they signed the declaration with which we are all familiar, were you at that conference?"

Dr. Sprague: "Yes."

Miss Sumner: "Did you represent the United States as a delegate?"

Dr. Sprague: "I represented a special group for the United States Treasury.

"The French Treasury wished for a bit of stability, not a definite rate, during the period of the conference, on the ground that the various developments were very disturbing to them, and the British Treasury agreed, so I went over, together with the Governor of the Reserve Bank of New York, Mr. Harrison, to negotiate a temporary arrangement with the British and the French Treasuries.

"We negotiated an arrangement which provided for the maintenance of the then rate, which was about $4.05 with a margin each way of 10 points and with a further provision that in the event of any unusual developments during the period of the conference, each country would be free to withdraw from this agreement.

"This proposal was sent to Washington and the President did not approve it. And it was dropped.

"A little later, a Mr. Moley came to London, while I was arranging my affairs to leave London permanently for Washington, and seemed to be quite up to date with conditions here, and the French returned to the charge and still wanted something to be done, and so what seemed to me a very innocuous document was prepared to the effect that it was hoped that, as a result of the conference, a system of more stable currencies might be developed with an addendum that in the meantime each central bank in its own market would use its best efforts to lessen speculation in its own market against the currencies of the other two countries.

"This proposition was sent over here and was the basis of the notable pronouncement of the President to the effect that we would do nothing in the matter of currencies until our domestic situation had improved.

"Thereupon, or shortly afterwards, the conference adjourned.

"But I was not a part of the conference. I was just outside, do you see?"

Stock Market Comment

(Continued from page 2166)

veloping such divergence at this moment. The Rails made their highest closing on April 28 at 57.19 and, for the last nine days, have not been able to improve on that figure. The Industrials made their highest closing on May 5 at 166.71. It would be well to study the market during the next few days to observe whether there is sufficient buying power in either or both groups to better these prices. In the meantime, it might be well to exercise prudence and partially liquidate long accounts.

It is our opinion that an illusion has been created with respect to the rapid conversion from war to peace work, taking up the slack of war order cancellations without disturbing the profit figures. We doubt whether, even among the more efficient corporations, this reconversion can take place without considerable expense and a certain amount of dislocation.

Then we are also mindful of the psychology of the masses with respect to speculation. We agree that the amount of money around is still considerable, but it is the kind of money which follows the trend. This money has been going into the stock market on the rise. We doubt very much whether it will be as aggressive on the decline.

There are always a number of imponderables which could strike us at a moment's notice and when we least expect them. In fact, it is the unexpected which exercises its greatest market effect, either up or down; while, on the other hand, the expected, when it finally arrives, usually has been discounted. For instance, a sudden bid for peace on the part of Japan could take the market unaware and bring about a sharp setback, inasmuch as a development of that kind would be unexpected, the rank and file still believing that it may take another twelve months or more for us to arrive at V-J Day.

Wholesale cancellations of war contracts on a larger scale should be publicized in the near future and, while we have been talking about them with a certain amount of nonchalance, the fait accompli, when seen in print, may have a sobering influence.

The country is beginning the process of disintegrating its war economy and the road in this direction should widen rather than narrow. We are in the initial stages of a huge contraction of our war effort — and it would be hazardous to believe that the stock market could continue buoyant during this process, especially on top of a 21-point advance in seven months. — **Jacques Coe, Jacques Coe & Co.**

N. Y. Finance Institute Courses by Mail

The New York Institute of Finance has received the approval of the State Education Board of the two correspondence courses, "Work of the Stock Exchange and Brokerage Office Procedure" and "Investment and Security Analysis," which are now ready for distribution.

A brochure describing these two courses, which are sponsored by the Association of Stock Exchange Firms, as an authoritative and complete presentation of the subject matter, may be had from he New York Institute of Finance.

It is expected that the approval of the Vocational Rehabilitation Officer of the Veterans Administration will be received so that these courses may be used for returning servicemen.

The cost of the course in "Work of the Stock Exchange and Brokerage Office Procedure" is $35.00, "Investment and Security Analysis" is $50.00.

This announcement is not to be construed as an offer to sell or as an offer to buy the securities herein mentioned.
The offering is made only by the prospectus.

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F. EBERSTADT & CO.

May 15, 1945.

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[3] See this writer's article in the "Commercial and Financial Chronicle" of Dec. 28, 1944.

Democratic Party's Business Policy

(Continued from first page)

years ahead our country will have to meet and surmount many big problems.

Business men who are able to understand and appreciate the facts of our economic life are called "enlightened business men." Personally, I have never come in contact with a business man who wasn't "enlightened." And I have met a good many of them.

Maybe that is just coincidence. Maybe it's only that I have been very fortunate in the company I keep. But I rather suspect something else. I rather suspect that if you gentlemen who are in business were not pretty realistic and foresighted about what goes on in our country and in the world, you would not remain in business very long. In America we liquidate the unfit too. But we liquidate with red ink instead of blood.

Yes, I think we all know that we are going to have problems—economic problems — after this war, and some of them are going to be tough. You don't fight four years and more of all-out war and then smoothly pick up where you left off before the shooting began.

For this reason, to any business man who bases his plans on a fond look backward to the "good old days" as they are sometimes miscalled, I would recommend a quick refresher course in modern American history, with emphasis on certain things that happened to America after World War I.

Lessons of World War I

Some of those things must not be allowed to happen again. I am thinking now of the uncontrolled post-war inflation, the speculative joy-ride of the '20s, and then October, 1929. And I am thinking, too, of what happened to us all—business men, farmers, labor—in the early '30s.

Nobody wants those things to happen again—certainly nobody who has a sound business man's economy in mind for post-war America.

Yet we know that inflation, collapse, and eventual unemployment make up a triple-threat sequel to any world war unless we do something about them.

In the early 1920s we did nothing. We stuck our necks out, and we called it "going back to normalcy."

When the axe fell on our necks three times—first, in a price collapse; second, in plant layoffs and unemployment and, third, in bank failure—we called that a post-war depression. And we dragged what was left of our necks off the chopping block and began to make belated post-war adjustments. Actually it was a national crisis that threatened the very roots of our American way of life.

Today that crisis does not hang over us. We don't believe there is anything preordained about such a disastrous post-war pattern. We think there are ways of preventing it. And we—and by "we" I mean a combination of business and government working together—have already taken certain steps to prevent it.

Now the job of government in this combination, as I see it, is a different kind of job from the one that the Government was called upon to do when a Democratic Administration took over in 1932.

The whole picture, all the circumstances of our economy, are different now. In fact, between the task that faced the late President Franklin D. Roosevelt in his first term and the task that faces President Truman in **his** first term, there is exactly the difference between a pound of cure and an ounce of prevention.

After Roosevelt took over, we had our pound of cure. We needed it. We were a very sick nation then. Our economic ills were of a virulent nature. They called for strong medicine. And they got it. The cure was administered, and it worked.

No Strong Medicine

Today we have a very big job of work to do, but we are not getting out of a sick-bed to do it. We face the prospect of an excellent market for the product of our civilian industries. Our people have jobs. There is money in the bank that can be translated at once into public purchasing power, which in turn goes around the circle and insures our industries of outlets for practically all they can produce.

The job that we have immediately at hand is to convert from war to peace without letting our economy slip into low gear. That won't be easy, but with the business men of this country ready and eager to cooperate with the new administration in every way they can—as I have certainly found them to be wherever I have met them—and with an administration prepared to give every constructive encouragement to business in going after this objective, by working together I believe we can get over this hump of reconversion without slipping into any downward spiral.

The proper part of government, then, the emphasis in the role that government should assume in our economy, changes with the nation's circumstances. And the circumstances, as I see them, will call for such a change when this war is over.

I hope and believe the emphasis will shift, in this role of government, **toward** cooperation and **away** from control. And the beneficiaries of such a shift will include both industry and labor, both farmer and consumer.

I am not referring, of course, to war or wartime emergency controls. I am looking beyond the time when those controls will be necessary. As long as war or the critical conditions brought on by war hang over us, we shall have to submit to those controls—for our own safety.

But once the threat of a war inflation is lifted, those government controls will lift too. And it is the period to follow that I am speaking of now—contrasting it with the peacetime years of the early or middle thirties, and especially contrasting the role that we may expect government to play in our economy.

Limit Government Activities

I hope that in those years, under President Truman, old uncertainties that once plagued our nation's business and those who managed it will disappear.

I hope that a national economy free of depression will enable our government to draw a line limiting its own activities, and say to business management: "Beyond this line we shall not go."

I hope that when wartime tax schedules can be revised to a peacetime basis our government will offer the same kind of assurance in the matter of taxes.

All these changes of government policy that business naturally considers desirable, I believe we can achieve. And I believe we can achieve them in such a way that the social gains made under a Democratic administration through the past dozen years will be enhanced and better secured for the American people. I believe wisely conceived changes in government policy to fit the circumstances of these times could work to the advantage and increased security of labor, of industry, and of small business.

Perhaps I should remind you at this point that I am speaking to you now not as a member of President Truman's Cabinet—I haven't been sworn in to that position yet—but as Chairman of the Democratic National Committee.

However, President Truman is a Democrat. I am not unacquainted with him. And I know that second only to victory and lasting peace, the objective that is closest to his heart is to see American business make good in its endeavor to keep our people employed and prosperous.

He shared that hope with Roosevelt. In going ahead on the road toward its realization, he will be faithfully keeping the promise that Roosevelt himself made, the promise that was embodied in the Democratic Party's platform on which Roosevelt and Truman ran together in 1944.

Risk Capital to Be Encouraged

In that platform Roosevelt, Truman and the political party led by them told the electorate of America they would include among their post-war objectives the encouragement of risk capital and new enterprise. From that platform I quote:

"We reassert our faith in competitive private enterprise free from control by monopolies, cartels, or any arbitrary private or public authority."

That was the promise, and knowing Harry Truman as I do, I can tell you that this man, who is your President, takes a promise seriously when his name is subscribed to it. That has been a lifelong habit with him.

When Truman took office as President, people naturally wondered what the change in executives would mean in terms of national policy. A great deal of talk and many tons of paper were devoted to the subject. Questions poured in on Washington. Quizzical glances from all sides were directed at 1600 Pennsylvania Avenue.

But the record is clearcut. Answers to most of the questions were there, in the factual account of his actions in Congress, his speeches and his voting record through nearly ten years of service as a Senator.

That record reveals Truman consistently a forward-looking statesman, keenly alert to America's needs as they arose in fast-changing times, and always acting in the deep faith that those needs could be met and surmounted the American way, always insisting that our nation's problems, however serious, could be solved in that way.

Truman, with Roosevelt, had three great aims in mind and in heart for America. With Roosevelt gone, Truman still has those aims. They are: victory in war, lasting peace, full employment after the war.

Change in Administration Policy

Toward the accomplishment of those aims, there has been a change in our national policy under a Democratic administration. That change, or trend, has been toward seeking the counsel and cooperation of business men in solving problems that lie within the special fields of business men, and which they are best equipped to handle.

But that trend was not initiated by President Truman. The man who turned for the advice and services of business men to carry on and solve many of the economic and social problems of this crisis was President Roosevelt.

Through the past few years, and increasingly as the crisis deepened, the record shows that this was so. It was evident in the appointments Mr. Roosevelt made to many government positions of high responsibility—appointments of more and more men who had made good in the business world.

From a list of examples I can name such men as Donald Nelson, James Forrestal, J. A. Krug, Chester Bowles, Edward Stettinius, Leo Crowley, Will Clayton.

More and more, too, the late President followed the practice of consulting informally with men of the business world, men like Henry Kaiser and Bernard Baruch.

I think I am accurate in predicting that in matters that call for the special abilities of leaders in the fields of banking, commerce and industry, President Truman will seek the same kind of advice and assistance.

He has already appointed John M. Snyder as the new Federal Loan Administrator. He has chosen Edwin Pauley as his personal representative in the handling of reparations. Both these men are outstanding business leaders. Both were chosen because of special abilities needed in their respective offices.

It is logical that a Democratic Administration should so adjust itself to changes in the nation's circumstances. Acting in the interests of the majority, the Democratic Party is able as none other to adapt itself to the needs of that majority.

In the early thirties, when a large part of our people were unemployed or beset with economic fears of the future, the Democratic Party adapted itself under Roosevelt to meet those majority needs.

Today, when our people are not unemployed, when what they need is the continued benefit of sustained industrial activity, and when for the maintenance and growth of that activity new encouragement to risk capital and to business management is needed the Democratic Party can be depended on to meet this need too.

Politically, this flexibility is a great advantage. In a party that remains faithful to the one basic ideal that Thomas Jefferson called the "cherishment of the people," there is room for everybody.

Such a party can welcome to its ranks people who call themselves "conservatives" and people who call themselves "liberals" and all the shadings in between.

Certain issues that face us now, certain issues that will face us in the months and years ahead, will stand out in the history of our country. In importance they tower above decisions America has had to make through many years and decades previously.

Sometimes they cross or wipe out political party lines. Sometimes, as in the case of our effort to establish a world organization to preserve peace, the Democratic Party has called upon its political opposition to forget politics and work together, not as Democrats, not as Republicans, but as Americans. And sometimes, as in the case of the peace effort, the opposition has responded.

So, too, will the Democratic Party call upon men and women of varying viewpoints within its own ranks, in the effort to meet and solve problems arising within our borders.

In such efforts, those who consider themselves "conservatives" will find that there is room for them and their views in the Democratic Party, side by side with those who call themselves "liberals."

The issues that they must decide will be too big to fit the traditional mold of liberalism or conservatism. They will be questions that can be decided only by a full and complete exercise of Americanism.

I know that among this audience there are men of all shades of opinion. But I know, too, that underlying your political differences there is something more deeply rooted that brings you together as business men and as men of public spirit. That something is the hope that the America of your children and your children's children will continue to be a healthy, decent, safe place to live.

Whether or not you have supported the Democratic Party in the past, I want to say to you for the Democratic Administration of the present, "Your counsel is welcomed, your assistance is needed—not for the sake of any party, but for America."

Moulton, Robinson & Goodman Head War Fund Drive in So. Calif.

LOS ANGELES, CALIF.—Robert H. Moulton, R. H. Moulton & Co., Los Angeles, is chairman of the War Finance Committee for Southern California in the Seventh War Loan Drive. Elwood J. Robinson, head of the Elwood J. Robinson Advertising Agency, is vice-chairman, and Gerald M. Goodman, resident vice-president of Lord, Abbett & Co., is chairman of the banking and investment division. Mr. Moulton has devoted himself to the war financing program almost since Pearl Harbor Sunday, in 1942 being appointed chairman of the Victory Fund Committee, forerunner of the present War Finance Committee and suceeding to the title of State Chairman for Southern California when the committee was reorganized in July 1943.

Mr. Goodman has participated in five War Bond drives and has perfected a smoothly functioning sales force of banks, investment banking firms, stock exchange firms, investment counselors, and savings and loan associations, which accounts for the sale of huge amounts of bonds in each drive.

Mr. Robinson early in 1942 became a volunteer member of the Southern California War Savings Committee and chairman of the Advertising and Publicity sections, serving in a similar capacity with the Victory Fund Committee. He became vice-chairman in 1943 when the committees were reorganized into the War Finance Committee and has headed the promotion, publicity and advertising sections since that time.

F. Eberstadt Co. Offers Armstrong Rubber Stks.

F. Eberstadt & Co. on May 15 offered to the public 50,000 shares of 4¾% cumulative convertible preferred stock ($50 par) and 50,000 shares of Class A common stock (no par) of the Armstrong Rubber Co. The preferred stock was priced at $51 a share and the Class A common at $17 a share.

Each share of preferred stock will be convertible into 2.5 shares of Class A common for five years, into 2.22 shares during the following five years and into two shares thereafter. The company will set aside annually as a purchase fund for the preferred 10% of the net earnings for the preceding year after deducting preferred dividends.

Net proceeds from sale of the securities will be applied to the repayment of $3,000,000 bank loans, the balance to be added to general corporate funds.

Sporn Promoted by Amer. Gas & Electric

Philip Sporn, formerly vice-president, was elected executive vice-president of American Gas and Electric Company on May 9th. He was also elected executive vice-president and chief engineer of each of the operating companies of the American Gas and Electric Company System at meetings of their boards of directors held April 26.

Included among these companies are Appalachian Electric Power Company; Indiana & Michigan Electric Company; Kingsport Utilities, Inc.; Kentucky and West Virginia Power Company, Inc.; Kanawha Valley Power Company; The Ohio Power Company and Wheeling Electric Company, all forming part of the Central System, and of Atlantic City Electric Company, and The Scranton Electric Company.

Bretton Woods Plan Will Foster Foreign Totalitarianism

(Continued from page 2162)

Agreements, would be nearly six billion dollars. No matter how this sum might be obtained in this country, it would mean a corresponding reduction of funds available to the American people for other purposes.

On the basis of latest available figures, Los Angeles County has about one-thirtieth of this nation's total annual buying power. If the burden of United States Government obligations is distributed according to the total buying power of each community, then the share of Los Angeles County in the new obligations imposed on the United States at the outset by the Bretton Woods Agreements would be nearly two hundred million dollars.† This sum is 44% greater than the present total indebtedness of the State government of California. It is about equal to the present total indebtedness of all California counties.

This sum, moreover, would be only the initial obligations. As I shall try to show in a moment, the demand for United States Government funds in a venture of this sort would be insatiable. And I should like to repeat that, no matter how our Government might obtain the money, it would mean that much less for United States consumers and producers, lenders and borrowers, to use in other ways.

The argument is sometimes used that six billion dollars is a small sum for the United States to spend for peace-time purposes in view of the much greater sums we are spending for war. This argument seems to me entirely fallacious. It would deceive no one were it not for the spendthrift, boom-time psychology which has been temporarily created by the inflationary methods used to finance the war. The very fact that the cost of the war is so great makes economy in government expenditures and prudence in commitments all the more necessary. This fact will be more evident when the current inflation has run its course, as it eventually will.

However, if the proposed International Fund and Bank could accomplish what its authors promise, the people of Los Angeles County would doubtless be willing to obligate themselves for their two hundred million dollar share in these institutions. The primary basis for opposition to the Agreements is the belief that they will restrict trade and retard reconstruction, and that in the long run they will result in greater instability of exchange and an intensification of international antagonisms.

Because I believe that the basic ideas of the International Monetary Fund and World Bank are unsound, I shall not spend time on details of the proposals with regard to management, control or lending policies. Instead, I shall consider the primary functions of the Fund and Bank and try to show why I believe the Bretton Woods proposals should be entirely rejected, instead of being merely amended. In doing so, however, I am not necessarily reflecting the opinions of the entire board of directors of the Los Angeles Chamber of Commerce. That body voted to oppose House Resolution 2211, but doubtless individual directors had various reasons for voting as they did.

Like other critics of the Agreements, I shall devote most attention to the Fund, not because I consider the Bank unimportant or harmless, but because the Fund is doubly dangerous.

The Fund Is Not a Clearing House

The Fund is sometimes represented as merely an international clearing house. This is entirely erroneous. It is, first, an agency for short-term lending and secondly, an agency for exchange restriction and control.

A clearing house requires that members settle balances at once in cash. This cash does not mean "non - negotiable, non - interest-bearing notes" such as are permitted under the Fund Agreement (Art. III, Sec. 5). Neither does it mean paper money which is issued by the member and is legal tender only in the territory or community of the issuing member. Instead, it means money which is legal tender, or which is readily convertible into legal tender, anywhere within the area covered by the clearing house.

The Bretton Woods provisions for the transactions of the International Monetary Fund are very different. What they authorize in settlement of balances are in effect non-interest-bearing promissory notes. It is a misnomer to call this a "settlement" of a debt or to call it a "purchase" of exchange.

The one medium of exchange which is generally acceptable throughout the world and between nations is gold. Only in case each member were ready and able on demand to pay out gold at par for the currency and notes which it deposits with the Fund could the Fund be properly termed a "clearing house."

The object of, the Fund is to permit members to exchange their paper for some currency (mainly United States dollars) which can be used to buy goods. This means that it is intended to permit members to give promises-to-pay in exchange for goods. This is not a true "purchase," as it is termed in Article V of the Fund Agreement, any more than discounting a note at a bank is a "purchase" of the bank's cash.

It may be argued that each member's currency, as deposited with the Fund, is legal tender within that member's territories and as such is convertible into goods, so that it is more than a mere promise-to-pay.

However, the only reason for any member to make use of the Fund is that other nations are not buying its goods in sufficient quantities to supply it with the foreign currencies it needs to balance its international accounts. As long as the French people, for example, want foreign goods only to the same total value as the peoples of other nations want French goods, there will be no problem of French exchange, and private enterprise can arrange all of the necessary exchange transactions, quickly and cheaply, without the intervention of any internationally owned or operated monetary fund. Only when the French people are buying abroad or wanting to buy abroad more than they are selling, will France need to apply to an international monetary fund for the privilege of exchanging its paper francs for the currency of some other nation.

In other words, the proposed International Monetary Fund is designed to take care of the exchange problem faced by a nation with a deficit in its accounts with the peoples of other nations.

The Fund is authorized to deal with this problem in either one or both of two ways: (a) by lending the debtor nation funds with which to make up its deficit, and (b) by rationing the supply of the scarce currencies.

Limited Lending Powers of the International Monetary Fund

The lending powers of the Fund are, of course, limited by the sums which the scarce-currency governments are willing to make available for this purpose. Mainly, this means the sum which the United States is willing to advance. United States dollars will be the currency which is chronically scarce. This is because the needs and desires of the United States people for foreign goods are less intense than the desires of other peoples for our goods. At the same time, because of our relatively greater efficiency in production, it is easier for the United States to produce exportable surpluses to pay for what imports we are willing to take or which our Government permits us to buy. In short, the United States is likely to be better able than any other nation to pay for what it buys abroad.

Experience has shown, in fact, that the deficits which foreign nations can and will run up are limited only by the nation's willingness to lend or give away its goods. After World War I, from Jan. 1, 1919, to Sept. 15, 1920, foreigners took $6,600,000,000 more from us than we bought from them. In other words, we advanced to them in less than 21 months more than the total sums we are being asked to put into the proposed International Fund and Bank together.

Today the appetites of European and Asiatic peoples for United States goods are larger than ever. They would like to get from us goods to the value of untold billions of dollars for reconstruction of their homes and industries and for raising the levels of living of their peoples. At the same time, their ability and willingness to pay for these goods are lower than at any time since 1919-1920. The United States people cannot and will not lend or give away all the vast sums which the European and Asiatic peoples would like to have. Sooner or later we must call a halt to the "lend-lose" process. And when that time comes the International Monetary Fund would be authorized to resort to its second method of dealing with a scarce currency. That second method is price-fixing and rationing of foreign exchange and it would have to be employed almost from the beginning, if not from the very beginning, of the Fund's operations.

How Long Could the United States Continue Lending?

How long the Fund and Bank could support the exchanges merely by lending operations—that is, how long it would be before United States credits to the Fund and Bank were exhausted and rationing of dollars begin—would depend on the rates of exchange and the financial policies adopted by foreign governments. The more ready the United States was to lend, the greater would be the tendency for each foreign nation to set a high value on its currency in terms of dollars. This would mean greater buying power for foreign currencies in terms of American dollars and goods. It would therefore enable these nations to take our credits and goods that much faster. An example of this tendency is to be seen in current rates for the French and Chinese currencies, which are overvalued by several hundred percent in terms of dollars. They are overvalued in order to increase the buying power of French and Chinese nationals as against United States citizens, such as our overseas troops.‡

The rate at which our credits to foreign nations might be used would also depend on the financial policies of these foreign powers. Higher rates of spending and borrowing by these governments would mean more rapid currency inflation in those nations, higher money incomes for their citizens, and higher rates of expenditures for American goods. Experience shows that wars leave nations with large budgetary deficits for current expenses, and that the continuation and growth of these deficits is greatly encouraged by easy credit policies on the part of other countries.

These deficits are likely to be especially large after the present conflict because of the elaborate programs of government spending for relief, medical aid, pensions, public works, subsidies, and the like, to which all parties in the United Nations seem to be committed. In fact, there can be no doubt that, for a time at least, both economic and political conditions within these countries will encourage strenuous competition between the various political groups in promising ever greater government bounties to their fellow citizens.

Only as payment for government handouts becomes more painful will counter-pressures for economy develop. As long as payment can be shifted to some foreign nation, like the United States, there will be little or no political check on domestic spending and borrowing by these governments. American purchases of German marks after World War I, for example, helped in this way to finance spending by various government bodies in Germany for municipal theaters, swimming pools, athletic stadiums, and the like. The prospects seem good for huge amounts of such spending by foreign governments at United States expense after the present war, if we care to advance the funds.

Furthermore, the United States cannot prevent such abuses of its credits to the International Fund except as the right of veto power is granted and exercised over every important aspect of each borrowing member's financial policy, a veto power which these nations will not grant to any foreign body. Rigid and careful control over the use made of particular credits advanced by the Fund—even if this control were provided for, as it is not—would not be enough. The credits from the Fund might be used to buy the most useful commodities, like machine tools or raw materials, but in extravagant quantities. The difference between economy and extravagance is not so much a question of what goods are bought, but of the quantities and uses made of them.

Credits to support a currency directly or indirectly support every use made of that currency. That is because such credits increase the supply of that currency and at the same time help to maintain its purchasing power for every purpose, including all domestic purposes. The more money and goods which the United States gives a foreign government or a government-owned central bank, therefore the more money, labor and goods are thereby freed to be used by the borrowing nation for any other purpose it may choose. Is there any limit to what European and Asiatic governments may feel are legitimate expenditures for the welfare of their peoples? If not, then there is no limit to the credits which will be necessary to support their foreign exchanges in the absence of exchange rationing. For the same reason there would be no check on the rate at which available credits would be exhausted in the absence of exchange rationing.

Provisions for Apportioning Scarce Currencies

Recognizing that government credits alone will not be enough to support foreign exchanges, the authors of the Bretton Woods Agreements have provided a second method, namely, the rationing, or "apportioning," of scarce currencies. The lending functions of the Fund and Bank would be used to syphon off United States resources without any assurance of adequate return. As far as stability of the exchanges are concerned, however, these lending operations could not do the job alone. The time would soon come when other devices would be necessary unless the whole scheme were to break down. In fact, the experience of 1919-1920 and the announced spending plans of foreign governments indicate that rationing of United States dollars would be necessary from the beginning of the Fund's operations.

This rationing of dollars would mean government control over every international transaction. To be meaningful and effective it would also involve increasing restrictions on purely domestic transactions up to the point of establishing a completely regimented economy under a totalitarian government.

Let me explain why and how this would come about by showing how exchange controls nullify the corrective influences which operate in free markets to balance international accounts and stabilize exchanges.

A foreign exchange rate is the price of one currency in terms of another. In free markets—that is, where individuals are free to buy and sell goods and currencies at whatever prices they agree upon—foreign exchange rates are determined by demand and supply. For example, as the people of the United Kingdom buy more United States goods, other things equal, the supply of pounds sterling in the United States increases and the demand for dollars in England increases. This raises the price of dollars in terms of sterling, and depresses sterling in terms of dollars.

Under gold standard conditions this rise in the price of dollars proceeds only to the point at which it becomes cheaper to buy gold at the Bank of England and ship the gold to the United States in payment for goods. This outflow of gold eventually has a deflationary effect on the economy of the United Kingdom. The banks of that country raise their charges for loans and their interest payments on deposits. Credit and currency contract and prices decline. Precisely opposite changes occur in the country receiving the gold shipment from England. The gold imports encourage expansion in the receiving country. Thus English goods become relatively cheaper and foreign goods dearer. English exports rise and imports decline. The supply of sterling abroad decreases and the supply of dollars

(Continued on page 2191)

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†In fact, the progressive system of taxation in the United States imposes a more than proportionate share of Federal burdens on communities, like Los Angeles County, which have a relatively high average per capita income.

‡Contrary to popular impressions, nations do not always want to undervalue, or depreciate, their currencies to win an export advantage. As a rule they prefer values as high as is compatible with their need to develop exports in order to meet foreign obligations or to buy foreign goods. The United States policy in 1933 of deliberately reducing the gold and foreign exchange value of the dollar merely in order to raise domestic prices and to stimulate exports solely for the benefit of the export trades, was an exceptional, if not entirely unique, experiment.

Television and Its Post-War Outlook

(Continued from page 2164)

for television use in that part of the spectrum between 50 and 294 megacycles. Not all of these were adjacent channels. By September 1944, six commercial television broadcast stations had been licensed and each was telecasting a program, although three of these stations had not been fully completed because of wartime limitations. Estimates as to the number of television receivers in the hands of the public range all the way from 7,000 to 40.000. These receivers are generally designed for reception of stations on frequencies below 90 mc.

New Channel Allocations

By provisions of the Jan. 15, 1945, allocations, the spectrum from 84 to 88mc. will be divided into 20 channels each 200 kc. wide for FM Programs radiocast from non commercial educational stations. The region from 88 to 102 mc. will be divided into 70 channels, each 200 kc. wide, for regular commercial use.

Television Channel Assignments Proposed Jan. 15, 1945

Channel Number	Megacycles
1	44 to 50
2	54 to 60
3	60 to 66
4	66 to 72
5	*72 to 78
6	78 to 84
7	180 to 186
8	186 to 192
9	192 to 198
10	198 to 204
11	204 to 210
12	210 to 216

*Available upon removal of 75 mc. aviation markers.

Source—F. C. C. "Report of Proposed Allocation from 25,000 Kilocycles to 30,000,000 Kilocycles," Jan. 15, 1945.

In considering the proposed television allocations, a fact of tremendous importance becomes evident. If necessary, it will be possible to authorize 7 television stations in one city by assigning 4 stations in the 6 channels below 100 mc. and the other 3 in the 6 channels available between 180 and 216 mc.

Courtesy of General Electric.

Shooting a scene in a television studio. This picture shows the placement of the television cameras and microphone booms.

In order that developments might take place in a television broadcast system for the transmission of high definition monochrome pictures and superior color pictures through wide channel usage, the space from 480 to 920 mc. (less 508 to 524 mc. temporarily), has been made available for experimentation. It is important that wide channel high definition television be developed, for this type of service will enable the viewer to enjoy finer detail than that now received. The illusion of "presence" or "realism" will be enhanced. This will increase the value of television as an entertainment, educational, and merchandising service. Sales appeal of merchandise may be greatly enhanced when exhibited by television with every detail of color and texture of the merchandise clearly shown.

Television Reception

A word about the picture itself. Commercial monochrome 525-line television has a clearness somewhat better than 8 millimeter home movies. An outstanding difference between aural radio and television is the fact that, unlike aural radio programs, most television programs must be watched with complete and undivided attention. Obviously, for one to go about his regular affairs while viewing a televison program may be difficult, if not impossible. This limits the time of television programs to periods of relaxation, and thereby restricts television audiences.

On the other hand, from the educational and advertising viewpoint, television is 100% attention-compelling and completely absorbing. Hearing combined witn seeing has much greater realism and audience appeal than either separately. Television has the unique characteristic of enabling the television looker, from his comfortable vantage point at home, to see and hear events of interest miles away exactly at the moment they occur!

Costs of television programming at present are much higher than of comparable sound broadcasts, and this factor combined with the inability of the television looker to sit still and look for more than a few hours at a time seems reason enough to expect that post-war television programs will be furnished only at those times when a comparatively large audience may be reasonably expected. Evening programs of 4 or 5 hours and limited morning or afternoon programs are likely. Daytime programs broadcast for educational purposes in schools and colleges will have an important place in the television picture.

Program Financing

It has been estimated that as many as a thousand firms have used television programs experimentally as an advertising medium. The present television audience is not large enough to support regular schedules of original television programs, a service which is considerably more costly than aural radio broadcasting.

Some television broadcasters have been willing to start the ball rolling by underwriting their own programs, thus arousing the interest of television audiences to such a degree that these audiences will buy television receivers in quantity when they are available. In this way an ever-increasing television audience will probably be built up. Before long, by this means, television broadcasting may be expected to become a self-supporting, profitable, advertising medium.

Courtesy of RCA.

New large screen home-television receiver utilizing unique lens system which provides a picture approximately 16 by 21 inches in size.

Types of Programs

Television programs will receive far fewer "attention hours" than will aural radio programs. However, this factor may be offset to a large extent by television's reportedly greater commercial value and selling power.

The advertiser, through television, can present to the buying public interesting video and sound programs such as current events in the making, tennis matches, football games, the opera, night club floor shows, parades, political meetings, and product-use educational features. He can show his products by television shopping tour through his store or showroom, familiarize his potential buyer by telecasting trips through his factory, have his best salesman demonstrate selling points and present the most effective selling ideas in many homes simultaneously.

The program may be varied by the presentation of visiting celebrities. Tours of a city can be broadcast by chambers of commerce to attract new industries and the traveling public. Industrial plants and large estates for which buyers are sought may be shown by television. The mail-order house can exhibit articles more effectively than by means of a catalog; clothing manufacturers and clothing stores can televise fashion shows. Appliance manufacturers can broadcast demonstrations of their products and department stores can show specials for the week.

By the use of color television, fashion parades, showings of patterns, designs and colors in fabrics, carpets, wallpapers, dishes and art goods should be especially valuable in promoting sales.

Post-War Prices

As military requirements diminish, much of the very large manufacturing capacity of the electronics industry and many of its highly skilled personnel will become available for the production of civilian radio equipment.

In 1940 the manufacture of FM receivers was a fully developed branch of the radio industry swinging into full commercial production. Television receivers were also in commercial production but on a much smaller scale. However, as soon as wartime restrictions are lifted, volume production is expected in both of these fields.

Few FM Receivers

Before the war very few radio receivers were designed to receive only FM programs. The FM feature was built into sets in addition to the AM feature, enabling the listener to receiver either srvice. AM-FM receivers usually cost approximately 25% more than AM receivers of equivalent quality, this differential may still hold after the war. Television receivers will probably cost approximately 50% more than AM receivers of comparable quality.

For convenience in discussion, let us denote by the symbol "194V-E" the 12 months beginning on the day on which victory in Europe is achieved, and by '194V-E plus 1" the first year thereafter, and so on.

Demand and Prices

It is generally believed that some civilian production will be resumed very soon after V-E Day arrives. However, because of increases in labor and material costs, it is estimated that in 194V-E plus 1, radio receivers will bear an increase in price of approximately 30% over the amounts paid in 1941 **for equivalent models.**

The demand accumulated since 1941 will result in a seller's market, but after the accumulated demand has been satisfied, there will be much competition among the various radio manufacturers to keep busy their tremendously expanded facilities.

In 194V-E plus 1 it is estimated that the average purchase price of AM-FM post-war receivers will be between $45 and $75 for table models, and between $100 and $350 for consoles. Several prospective manufacturers of television sets are planning some models priced between $150 and $200, but the price range may extend up to $500 or more. Television-phonograph combinations will probably appear on the market priced at $300 and up.

The year 1942 was abnormal on account of the war. Because large quantities of radio equipment which had been sold on priorities in 1942 were not included in the value given for 1942 sales, this figure was not considered in estimating the rate of growth of the radio industry. The years 1940 and 1941 were also somewhat abnormal because of the advance purchases by distributors, dealers and consumers in anticipation of wartime shortages. After making adjustments for these factors, the growth rate in the sale of radio receivers during the period 1930 through 1941 was approximately 800,000 per year.

Increase in Broadcasting

Tendency to approach saturation has been offset by replacements of old receivers and purchases of addition receivers for the home or car. It is believed that any tendency to approach saturation in the future will be counterbalanced by the same factors and, in addition, by the effects of increases in broadcast coverage by the development of the newly established Citizen's Radio Communication Service, and by the introduction of FM and television broadcasting on a large scale. These last two factors will result in the buying of new receivers by owners of AM receivers and by individuals in areas previously not covered by broadcasting, who will wish to enjoy the new service.

Total Civilian Radio Receivers Manufactured from 1933 to 1942

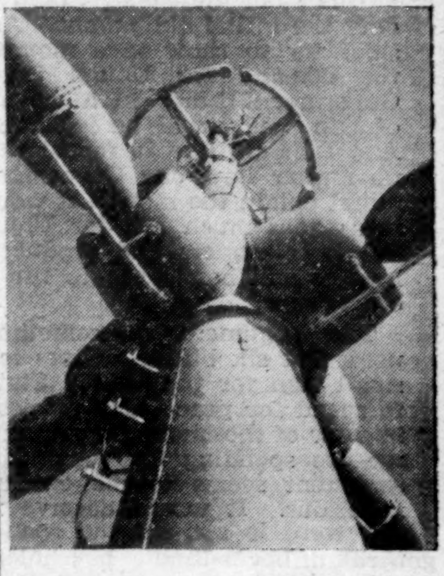
Year—	Number Sold	*Retail Value	Average Retail Price Per Receiver
1933	3,806,000	$180,500,000	$47.40
1934	4,084,000	214,500,000	52.50
1935	6,027,000	330,000,000	54.70
1936	8,248,000	450,000,000	54.50
1937	8,065,000	450,000,000	55.80
1938	6,000,000	210,000,000	35.00
1939	10,500,000	354,000,000	33.70
1940	11,800,000	450,000,000	38.10
1941	13,000,000	460,000,000	35.40
1942	4,400,000	154,000,000	35.00

*Figures for receivers include value of tubes in receivers.

Source—Radio and Television Retailing.

It is the post-war plan of most manufacturers to continue selling AM receivers, inasmuch as Standard Broadcasting has been established for a quarter of a century and is now a 285 million-dollar industry. In addition to their AM receiver line most manufacturers will also offer AM-FM receivers and television receivers. During the next few years, as in the past, very few manufacturers will make receivers to accommodate FM channels only.

It might be well at this point to analyze factors affecting the type of radio receivers that will be sold in the future.



Courtesy of RCA.

Television antennas atop the Empire State Building. The sound signals are radiated from the quadrants at the top. Image signals are transmitted from the curved surfaces below.

As of Feb. 1, 1945, licenses had been issued to 46 commercial and 2 experimental FM stations. In addition, construction permits had been issued for 7 commercial FM stations. As present FM broadcast coverage is supplemented by the granting of licenses for the 356 applications now pending for commercial FM stations, an increasingly larger proportion of the receivers sold will be of the AM - FM type. As previously stated, this type sells for approximately 25% more than comparable AM models.

Six Experimental Stations

By Feb. 1, 1945, licenses had been issued to 6 commercial and 25 experimental television stations. Moreover, construction permits for 3 commercial television and 20 experimental television stations had been issued. As present telecast coverage is greatly increased through the granting of licenses for the 103 applications now pending for commercial television stations, television will claim its share of the receivers sold. The receivers which comprise this portion of the total sales probably will sell at prices averaging approximately 50% higher than the average prices of AM receivers of equavilent quality.

Another interesting war development may increase radio sales. During the current war lightweight, portable short-range radio communications equipment of the "walkie-talkie" type proved to be highly useful.

It is proposed to establish in the 460-470 mc. band a low-power short range Citizens Radio Communication Service, widely available to citizens of the United States. It is believed that this service will have many every-day and emergency uses, especially in rural areas and between points which do not now have convenient communication facilities.

A typical example of such a use would be for a central physicians' service which could communicate with doctors traveling to and from patients. Department stores, dairies, and other organizations operating delivery trucks, by means of this service, could intercommunicate with their delivery vehicles en route. Large industrial plants and construction projects may also use this new device.

It is quite likely that the sales of this type of equipment may reach a considerable volume.

Potential Sales

Following is a table giving estimates of post-war annual volume of radio receiver sales:

Extimates of Post-War Annual Volume of Receiver Sales

Year—	Retail Value
1941	$460,000,000
194VE plus 1	1,410,000,000
194VE plus 2	1,650,000,000
194VE plus 3	1,870,000,000
194VE plus 4	1,430,000,000

Many factors were considered in making these estimates. Among them are the various considerations enumerated under the previous section titled Post-War Prices. These estimates also take into account proposed broadcast stations with their increased coverage. Allowance has been made for delayed purchases by persons who will wait varying periods for "futuristic" models.

Weight is given to the fact that AM-FM receivers and television receivers will represent an increasingly larger proportion of total sales each year. This in turn will result in increased average receiver prices each year.

However, it is believed that, at least on a short time basis, FM will be much more important than television on account of its more general utility and the fact that sound broadcasting techniques have already been developed. As television broadcast techniques are perfected, television sales will become increasingly larger.

In this appraisal, accumulated demand has been distributed in accordance with the industry's estimated ability to handle it.

It is assumed that the demand accumulated from 1941 to the end of the European war, plus natural increases in current demand, will maintain production and employment at high levels for the first few years after the war, and that there will be a continuation of the past trend toward increased output per worker resulting from technological developments.

It is realized that in practice the radio market may be subject to many influences not mentioned here—for example, the export markets may increase at an unexpected rate. There is no positive assurance that peacetime sales will approach the values given, but post-war planning in the radio industry — as in all others — is based on the assumption that post-war opportunities for United States business will be great. The radio business is expected to be large and at the same time play a big part in contributing to the development of other industries.

First Boston Corp. Offers Common Stock of Mobile Gas Corp.

A syndicate headed by the First Boston Corporation is offering today 100,000 shares of Mobile Gas Service Corp. common stock at $17 per share. The syndicate acquired the stock via competitive bidding from the Consolidated Electric & Gas Co.

Bretton Woods Plan Will Foster Foreign Totalitarianism

(Continued from page 2189)

in England increases. This relieves the pressure on the market for sterling and causes its price to rise in terms of dollars until it is no longer profitable to export gold from England.

Under these gold standard conditions there is not perfect stability of the exchanges, but the fluctuations are comparatively narrow, limited as they are by the costs of transporting gold from one country to another.

When the United Kingdom is on an inconvertible currency basis the Bank of England will not or cannot pay out gold on demand at par. In that case an adverse balance of payments for the United Kingdom may cause the depreciation of sterling to go somewhat further. In other words, the fluctuations in exchange may be wider.

However, even under this condition of an inconvertible currency, corrective influences are still at work and trade may still prosper and expand, as long as traders and financiers are free to bargain and arrange their own terms of trade and finance. A deficit in England's international accounts causes sterling to decline. The purchasing power of foreign currencies in terms of English goods rises, so that England's export trade is stimulated. Conversely, foreign currencies and foreign goods become more expensive for English purchasers, so that England's imports tend to decline. The result, as under the gold standard, is an increase in England's exports and a decline in her imports, until the demand for foreign exchange in England equals the supply, and the price of sterling returns toward parity.

As a matter of fact, there are additional corrective influences operating to stabilize exchanges under both gold standard and inconvertible currency conditions, such as movements of securities and short-term private credits. Furthermore, individual producers and traders, in free markets, through hedging and through making contracts in currencies more stable than their own, can protect themselves against losses due to exchange fluctuations. Because of this fact trade can and does expand and standards of morality tend to rise as competent and honest traders learn to avoid losses and so become better credit risks. Furthermore, popular demand increases for a reform of political conditions contributing to the instability of the exchanges.

However, the corrective influences of free markets cannot stabilize any exchange if the government of that nation is inflating its fiduciary, or paper, currency. Under this condition, the purchasing power of each unit of the currency continues to decline at home and abroad, regardless of any form of exchange control, price control, or rationing. The nominal value of such a currency in terms of those commodities subject to price control is maintained only as long as the government can persuade its people to refrain from spending their surplus currency.

Purposes of Government Exchange Controls

Nevertheless, by means of exchange control a government can for a time conceal one important symptom of inflation, namely, the declining value of its currency in foreign exchange. This expedient therefore has an important political use in lulling the people's fears of inflation.

After their experience with inflation from 1914 to 1924 the German people had an intense dread of inflation. This fear played an important part in winning popular support for the Nazis, who promised to balance the national budget and prevent inflation which the Social Democrats were threatening to undertake as a recovery measure in 1931 and 1932. However, the Nazis soon found it necessary to resume inflation of currency and credit in order to finance their reemployment and rearmament program.

Early in that program, therefore, the Nazis imposed exchange controls to conceal this fact from the people. It was declared a crime to trade marks for foreign currencies except at the government's official rate. In order to enforce this measure it was necessary for the German Government to require that every international transaction receive official approval. A government permit was required for every purchase of foreign goods or services and for every sale of German goods or services to residents of foreign countries. Travelers were searched at the borders to prevent them from taking German currency out of the country or bringing it in. Those leaving the country were also searched to see to it that valuable property was not being taken out of the country for sale abroad. This was intended to prevent an outflow of German capital.

The immediate object and effect of such exchange control is to maintain a higher value for foreign currencies than would otherwise prevail. As the inflation raises domestic incomes and prices, exports tend to decline and imports to rise. This creates an unfavorable balance of payments, a surplus of the inflated currency abroad, and a shortage of the foreign currencies in the country experiencing the inflation. Consequently, the demand for foreign currencies in the inflating country exceeds supply. In free markets, as I have explained, this condition leads to a decline in the foreign exchange value of the inflated currency and a rise in other currencies until demand and supply are brought into equilibrium.

However, when the Nazis prevented this rise in foreign currencies, they had to supply another mechanism for adjusting demand to supply. The supply of foreign currency was insufficient to meet the demand of all the German citizens who were trying to spend their marks for foreign goods or foreign credits. Therefore, the German Government had to ration the foreign currency among the various German applicants for it. Government officials had to pass upon the relative importance to the nation of every purchase by Germans of foreign goods and services. German citizens had to explain why they needed foreign goods, including books and magazines. They had to show why they wanted to travel abroad, where they were going, and what they planned to do.

In short, the amount of foreign exchange which any German citizen could get depended on his ability to convince the appropriate government officials that his use of the exchange would be in the best interests of Germany as those interests were interpreted by the German Government. No system of priorities alone could do the job, because the same foreign article or service could be used in so many different ways by different persons. The personal judgment of the official must necessarily be the final determining factor in administration of such controls.

Precisely the same system of rationing for foreign exchange and consequent control over international trade, travel and communications is essential to any plan for stabilizing exchanges through government fiat as to rates and government rationing or apportioning of the scarce currencies.

This is what the Bretton Woods Agreements for an International Monetary Fund provide as the means for stabilizing exchange rates when any currency even *threatens* to become scarce (Art. VII, Sec. 3b). It is also what is involved in the provisions relating to the control of capital transfers (Art. VI, Sec. 1). It is what Mr. Morgenthau, Secretary of the United States Treasury, had in mind in his statement as reported in the New York "Times," Feb. 10, 1945, that the governments would run the foreign exchange markets "if and when the legislative bodies approve Bretton Woods."

Under these Agreements, the management of the Fund is not only authorized but required to set up machinery for rationing and apportioning scarce currencies. This is necessary to ration the scarce currency among the various member nations. It would therefore be the function of the Fund to decide what share of the scarce currency should go to each member nation.

In addition, the Fund Agreement authorizes each member nation to set up its own system of rationing its allotment of the scarce currency as between its own nationals. Each member would in fact be obliged to undertake such a program, regardless of its own responsibiltiy for the shortage, because the rationing procedures of the Fund would make the currency scarce for every member. And it should be repeated here, such a world-wide rationing program for foreign exchange would have to be initiated at the outset or near the outset of the Fund.

Furthermore, the exercise of such rationing powers would not be exceptional or confined to rare emergencies. It would be a regular, normal, continuous procedure. The purpose of the Fund is to prevent the adjustment of exchange rates to changes in demand and supply. Experience has amply shown that governments, in attempting to stabilize exchange rates, are continually influenced by political as well as economic conditions. Consequently, they tend to establish exchange values for their currencies which are too high or too low, usually too high, to be maintained for any length of time in free markets. The Fund would be obliged to support these uneconomic rates. The result could not be otherwise than to produce serious maladjustments between demand and supply in the foreign exchange markets, maladjustments which could not be handled merely by short-term credits and which would therefore have to be dealt with under the rationing powers created and sanctioned by these Agreements.

Causes of Exchange Instability

The basic cause of exchange instability is inflation, which tends to go much further under conditions of inconvertible currency than under gold standard conditions. As explained above, it is this inflation which prevents the operation of those forces which, in free markets, tend to stabilize a nation's exchanges by correcting an adverse balance of foreign payments.

Exchange controls do not stop the inflation. On the contrary, their purpose and result is to conceal a certain symptom of inflation, nullify the corrective influence of free markets, and thus permit continuance of inflation. Until this basic cause of exchange fluctuations is remedied, attempts at exchange control, such as are contemplated by the Fund Agreement, merely produce increasing restrictions on trade and finance and encourage continuance of the basic evil.

Roots of Inflationary Policy

In order to stabilize foreign exchanges in a way which increases the economic liberty which most Americans believe is essential to political and economic progress, it is necessary first of all that currency inflation be brought to an end. That is a matter for domestic policy in each country. United States loans for stabilization purposes, therefore, should depend on the announced and evident willingness of the governments concerned to abandon their inflationary policies.

These policies stem from the belief that prosperity depends on the level of prices and the supply of money. Every decline in prices, including prices for services, it is believed, must be resisted (a) by private organization for price-maintenance purposes, (b) by government prohibition of price-cutting and wage-cutting, and (c) by expansion of currency and credit to finance government purchases of surplus commodities and surplus labor.

In fact, of course, the general level of prices has nothing to do with prosperity. If the decimal point in all prices were moved one place or a dozen places, either to the right or left, no one would be any better off or any worse off in terms of buying power or employment. If all prices were cut 90%, labor would be paid 10 cents per hour instead of one dollar, but the price of a $2 shirt would be correspondingly reduced to 20 cents, and all other prices in proportion, so that each worker would be as well off as before.

On the other hand, attempts of any organization of producers to exact a price that is out of line with the supply of money and the price level does cause trouble. If, through restriction of output, or of competition, they succeed in raising their total money incomes, they reduce the prosperity of other producers in two ways: (1) by reducing the money income available to other groups and (2) by raising the prices of what these less monopolistic producers buy.

Under these circumstances the injured groups tend to organize and restrict production in imitation of their exploiters, or else they are likely to call on government for some sort of help in raising their own incomes. At this point we are likely to find new government bureaus established to help the less fortunate or less organized, through government restriction or support of restriction of competition, or through government spending for relief, public works, subsidies, purchase of surplus commodities, cheap credit, and the like.

These increases in government functions and spending, however, cannot be financed entirely by taxation. The program is undertaken as a recovery measure, or to increase employment, and if it were financed by taxation it would decrease spending, employment and prosperity in one sector of the economy as much as it expanded them elsewhere. Therefore, this government rescue work, to be effective, must be financed by means which increase the total supply of money and credit. Consequently we find that every so-called "managed economy" of this sort makes liberal use of fiat money inflation. This has been true of Soviet Russia, as well as Nazi

(Continued on page 2195)

Herbert Allen Director of Miller-Wohl

Herbert Allen has been elected a director of The Miller-Wohl Co., Inc., operators of the chain of "Three Sisters" women's wearing apparel stores. He is a partner of the underwriting firm of Allen & Co., 30 Broad Street, New York City.

Herbert Allen

SEC Conference on Floor Trading Ban

(Continued from page 2163)

Mr. Treanor said in effect that the floor trader enjoyed an advantage over the public and that floor trading does not stabilize the market because those engaged therein only accentuate the trend, buy on balance when the market is up and selling on balance when the market is down.

"These things happened," said Mr. Treanor. "despite the management of the Exchange, which attempts to give the public the best market."

He pointed out that the adoption of such a rule would deprive some individuals of their means of livelihood and expressed the opinion this was necessary in the public interest.

Proposed Remedy Drastic

Answering these allegations, Emil Schram. President of the New York Stock Exchange, said: ". . . If these is any aspect of floor trading which we find it to be detrimental to the public interest it must be corrected promptly.

"It does not seem to me that the material as presented supports the drastic proposals which you are being urged to adopt."

He stressed the need for serious study of the effect upon marketability which any limitation on floor trading might have, and then continued:

"Throughout its entire history the New York Stock Exchange has constantly improved its rules governing the conduct of its members. Our self-regulation has progressed over the years and should continue to develop by evolution rather than by revolution."

Others Participate

For the New York Curb Exchange Edwin Posner, its Chairman. called attention to the meager references contained in the report of the Trading and Exchange Division of the SEC concerning floor trading on the Curb. He also claimed the data did not support Mr. Treanor's conclusion.

Opposing Mr. Treanor's recommendations. B. C. Forbes of the Investors Fair Play League contended that the abolition of floor trading would impair liquid markets, be contrary to our free institutions, and discourage venture capital.

A. S. Brown supported the Treanor recommendation.

Scope of Economic and Social Council Discussed at San Francisco

(Continued from first page)

as the Foreign Economic Administration, which have been engaged in relief activities. . . .

In the case of supplies to be furnished on other than a relief basis, the FEA will operate in Eastern and Southeastern Europe to fill supplementary demands for supplies needed for war purposes, both UNRRA and FEA will function in Eastern Europe, but in Western Europe, only the FEA. . . . These military demands will meet the following purposes:

(1) Pacific War operations;
(2) Direct European operations;
(3) Backing up occupation, as at Adriatic ports;
(4) Assisting redeployment of our troops, with transportation facilities, etc., perhaps at Antwerp and Adriatic ports. . . .

* * *

The overall needs of countries from outside their own borders during the early post-war years is estimated at from $30 to $40 billions, of which our share is being mentioned at our current annual shipments of $7 to $8 billions of non-munitions supplies. . . . Judge Rosenman, who visited the Conference, has reported to the President on the basis of his European investigation that 7 million laborers kidnapped by the Germans are starving; that there is a dangerously low level of nutrition throughout Europe; and he mentioned the alleged effect on the American economy of substandard living and employment in Europe. . . . And the Combined Raw Materials Board has this week reported on the dire necessity of furnishing raw materials to liberated industrial countries like France, Belgium, the Netherlands and Norway. . . .

* * *

French officials here point out that for their country speed is as important as the kind and quantity of supplies. . . . Apparently a little help rendered now is preferable to its tenfold increase later on. . . . **The time factor is accentuated by the imminent repatriation of 4,000,000 Frenchmen, made up of 800,000 war prisoners and 3,200.-000 civilian workers previously deported to Germany.** . . . They will need lodgings, food and work, the latter being most important to prevent social as well as economic difficulties. . . . France's requirements in order of importance are:

(1) Shipping;
(2) Gasoline and tires;
(3) Railroad equipment for lorries which they have, plus more lorries;
(4) Tools;
(5) Machinery and farm implements. . . .

In the words of one authority here, in emphasizing the basic need for local transport for nutrition: "France doesn't want to be spoonfed; she wants to feed herself; give us the tools and we will do the rest." . . .

* * *

It is pointed out here that England cannot help France or the rest of the Continent; her difficulties being aggravated by (1) shipping shortages, and (2) removal of agriculturists during wartime. . . . Her supply of meats, at six weeks, compares with eight weeks prewar supply. . . . The American supply of meat is 116% of prewar; the same comparative records for other foods are being shown in the official reports of the Combined Food Board. . . .

The "Regional Arrangements" Problem

The Conference seems to be increasingly following the false conviction that basic conflicts can be resolved by legalistic verbiage, and that fundamental divergences of interest can be effectively compromised by the word-artistry of international lawyers. . . . This has been clearly demonstrated in the uncovering of the very real discrepancies between the relative importance of regional arrangements and the World Organization concept. . . .

* * *

The British attitude toward solution of regionalism is particularly well stated in the following transcript of a question-and-answer between Mr. Eden and your correspondent during the Foreign Secretary's press conference:

Wilfred May of the "Financial Chronicle": "Does the insistance on virtual regional sovereignty by some powers constitute an irreconcilable conflict with the basic spirit of an effective world organization—and if so, won't any formula for a solution arrived at be likely to be overlegalistic and ineffective in actual operation and practice?" . . .

Mr. Eden: "I think that would be taking a rather super-gloomy view of the present situation. . . . I hope it is not as bad as that. . . . I can conceive, as I tried to explain, of a situation in which there is a World Organization and there are regional organizations within that organization. . . . Now, for example, we have no treaty engagements with our neighbors across the channel, but supposing there were such a treaty engagement directed against Germany, **I could hardly conceive that anyone would regard that as contrary to the spirit of the World Security Organization in present conditions. . . . It is just a question of whether we accept that the World Organization comes first, and that these other elements are viewed as buttresses to it: at least, that is my conception. . . . I think the matter can be worked out."** . . .

* * *

Whether such reconciliation can effectively work in this hemisphere, in the face of the Inter-American Economic Agreements and Chapultepec, is—despite current optimism—seemingly more questionable. . . .

The Scope of Economic and Social Council

As forecast in this column last week, it has now been definitely decided to exclude from the Conference deliberations regarding the Economic and Social Council all special organizations, except the International Labor Office, the League of Nations, Food and Agriculture. and UNRRA, representatives of which are now regularly attending the sessions. . . .

* * *

It is understood that the British, as a means of resolving the continuing dispute over labor representation, are proposing by way of compromise that representatives of employers as well as employes, as such, be invited to serve the Economic Council in a consultative manner. . . . **This conforms to the status of British labor, who are behind the International World Trade Union Congress, and also of the British delegation, both of whom are opposing the Sovietized Workers Trade Union's admittance on grounds of procedure and not on principle. . . .**

* * *

It is doubtful, whether this compromise will satisfy the WTUC proponents, who are vehemently objecting to naming of the International Labor Office, as supported by the American Federation of Labor, one of the principal affiliates of the Organization's Economic and Social Council. . . . The workers and employers groups would merely act in an advisory manner, whereas the ILO would be an affirmative functioning body with definite responsibilities to discharge. . . .

* * *

Those who are denying the plea at this Conference for workers' representation on the World Organization, with authority equal to that of the ILO, are pointing out that such admittance would let down the bars to all kinds of groups in the community. . . . They interpret Section 9 of the Dumbarton Oaks Agreements to call for the admission of specialized agencies which are inter-governmental in character and will have specific executive duties to perform. . . . Private and non-official agencies are barred, it is held. . . . They are to discharge specific functions entrusted to them by governments, which technique differentiates them from private bodies. . . . In addition to these governmental and executive attributes possessed by the long-established ILO, its make-up is tripartite; made up of Government, Employers, and Workers. . . .

Hence, it appears that the maximum that will be done toward meeting the demands of the CIO-Soviet controlled Workers Trade Union Organization, will be to invite them to the World Organization—not to this Conference—after its establishment, together with business interests, for consultative and advisory purposes, leaving the AFL favored in International Labor Office as the official organization performing its existing and additional functions. . . .

Special International Organizations

Another possible eventuality here is inaction with respect to the designation of any organizations in either executive or advisory capacities, including even Bretton Woods and the food bodies, leaving that to the new League after it begins to operate. . . .

* * *

A radically changed method from what has been contemplated, for invoking economic sanctions, is being broached in the highest quarters. . . . Pursuant to Dumbarton Oaks, it has been assumed that they would be put into effect by the Security Council, with the details to be worked out by the Economic and Social Council, who would determine their kind and degree in the light of conditions varying from country to country. . . . **However, it is now proposed to set up within the Security Council a separate economic staff, to determine what economic measures are likely to be effective hand-in-hand with security measures.** . . . Operating in the economic sphere, it would have a status parallel to the Military Staff Committee as prescribed in Chapter 8-B, Sections 8 and 9, of Dumbarton Oaks Charter. . . . This "Economic Staff Committee" would act as a Board of Economic Warfare for the interim of the threatening period. . . .

* * *

The Economic and Social Council was given two additional boosts over the week-end. . . . Before his departure, Prime Minister Mackenzie King of Canada pleaded for its importance, and the Conference's Commission 3, Committee 2, which is handling the Council, voted to make it one of the "principal organs" of the World Organization. . . . This means that the Council is now to be listed as one of the main functioning bodies, along with the Assembly, the Security Council, the International Court, and the Secretariat; **but in the absence of administrative powers with enforcement "teeth," the change is only nominal. . . .**

Old League Officials Present

Officials of the old League of Nations are present at this Conference as "observers present for purposes of consultation." . . . Dr. Loveday, who both at Geneva and since has been Director of the League's Economic Financial and Transport Department, is regularly in attendance at the sessions of the Conference Committee charged with formulating the new Economic and Social Council. . . . **According to responsible officials, it can be predicted that the new World Organization will absorb many of the excellent relevant facilities established by the League (assuming that the Soviet's traditional antipathy to the League will provide no barrier). . . .**

* * *

Both for comprehension of some important operations of the new Council, and for purpose of weighing the relative effectiveness of the new and old organizations in promoting economic and social well being, the pertinent activities and powers of the old League should be scrutinized. . . . For when it is recalled that despite the best efforts of the League to promote international economic and social cooperation, the world emerged in the 1930s into the highest degree of economic nationalism, with blocked currencies, exchange controls, bilateral trade agreements, import quotas, export subsidies, etc., it is easy to be skeptical about the effectiveness of the new Council—operating without administrative "teeth." . . .

* * *

There are several potential favorable factors. . . . In the long run, the peoples and governments may be willing to demonstrate more cooperation and make sacrifices. . . . More specifically: the equivalent work under the League was conducted by its Council, which was neither competent technically nor really interested in the problems. . . . It handled all questions—political as well economic—and this diffusion obviously created a basic disadvantage. . . .

The new Economic Council fills the need for a central body at a political level which will be both representative and effective. . . . The old Council was much more interested in political problems, whereas more interested and expert personnel will be assured in the new organization in the expected inclusion of specialists of political stature, like Ministers of Agriculture, Commerce, etc. . . . Assistant Secretary of State Clayton would seem to typify an improved member. . . . The new Economic and Social Council follows almost exactly the proposal of the League's "bounce" Committee in 1939. . . . Calling attention to the League's interest in diplomacy to the exclusion of trade matters, it asked for a new specialized body at a high political level. . . . The proposal was approved by the Assembly at The Hague in 1940, but plans were terminated by the ensuing invasion of France. . . .

Will Economic Nationalism Return?

On the other hand, confronting the new organization's aims in the economic field is the accepted fact that in the "flush of victory" countries in the early post-war years are likely to be particularly nationalistic and autocratic. . . . A particular element of relative weakness is the greater strength and self-autonomy of the affiliated organizations, as Food and Agriculture, Bretton Woods, with the result that all really controversial decisions (even though always advisory and not compulsory) will be made in the Assembly. . . . The Council will act merely as conciliator in the case of controversial matters. . . . **Finally, the sense of national sovereignty in social and economic matters may well be intensified by the recognition being so largely given thereto in political matters. . . .**

* * *

In absorbing the economic, financial and transport section of the League, most of which is now at Princeton, the new organization will get the benefit of very extensive research activity on post-war conditions and possibilities. . . . This section of the League has four standing sub-committees which have prepared studies on international cooperation and reported their resultant recommendations to the General Assembly: (1) the Economic Committee dealing with post-war policies; (2) the Financial Committee mainly concerned with reconstruction during this post-war period; (3) the Fiscal Committee dealing with problems of double taxation and general fiscal reform; (4) the Statistical Committee concerned with banking statistics, balance of payments, and regulating statistical methods. . . .

A number of loan agreements were made, and still continue to function under the League's supervision. . . . The United Nations Organization, as in the case of League mandates, will ultimately have to assume these functions, for which these relevant operating units of the League will be most helpful. . . .

* * *

The League is still compiling reports, an excellent, comprehensive analysis of post-war prospects, and definition of the Economic-Social Program envisioned by Dumbarton Oaks having been issued April 16, last. . . .

Financing the New Organization

In planning for the budgetary and expense administration of the new World Organization, the technique of the League will be taken as a pattern. . . . The finances were administered by a centralized Supervisory Commission under the general direction of the Assembly. . . . The League experts who are here feel that questions of finance are bound to play an important part in the organization, and that hence there must be provided a central financial authority; in contrast to a system under which the constituent bodies would maintain standing sub-committees, which have prepared studies on independent financial administration. . . . The League expenses were shared on a unit basis, and there was trouble about sharing of the proportionate burdens. . . . The British share having been 10% in the case of special and regular expenditures. . . . In recommending a strong central financial authority for the future, the Supervisory Commission reported: **"It seems unreasonable for governments, on the one hand, to require the League to undertake functions, while on the other hand they fail to share in the expenses involved"; and pointed out that at the Philadelphia Conference the ILO demanded greatly increased activities without providing means to pay for them.** . . . Senator McCarran, Chairman of the Senate Appropriations Committee, has visited the Conference, and it is presumed that Congress will keep a close eye on the new organization's financial provisions. . .

* * *

Total expenditures of the League, including the ILO and the World Court, between 1932-1939, averaged 32 million Swiss francs (about $9 million); not too serious in relation to war costs, or to this Conference's expenses of $1,500,000. . . . The division of expenses among the various sections in the 1939 year of reduced activities follows:

	Swiss Francs		Swiss Francs
Organization	12.5	Buildings	1.5
Internat'l Labor Office	8.3	Wireless	0.2
World Court	2.6	Pensions	1.8
Opium Board	0.1	Miscellaneous	1.1
Refugees	0.3		
		Total	28.4

* * *

It is understood that, at British instigation, the four Powers are proposing an amendment whereby appointment to the Economic Council will be limited to technical experts; but this is opposed as weakening the political authority (in the good sense of the term) which it otherwise might have. . . . In any event, the unwillingness or inability of really great authorities to attend meetings in a foreign land must be faced. . . .

Cultural Activities

A four-Power amendment under active consideration this week provides specifically for cultural activities as a principal function of the Economic and Social Council. . . . Pursuant to this boost, plans in the following fields are being rapidly consummated:

(1) Educational—By means of a sub-agency statistics can be assembled, and surveys of educational methods and policies made. . . . But internal affairs of a nation are not to be touched, although some countries are seriously concerned over infractions. . . . This branch will extend the past and current work being done by the State Department's Division of Cultural Relations under the aegis of Bryn Hovde. . . .

(2) Improved use of libraries and books throughout the world; with better cataloguing, and resulting greater distribution of volumes.

(3) Sciences—Distribution on a worldwide basis of knowledge on new developments. . . .

(4) New developments in the social sciences—The present thinking of the Conference Committee is that Social Security shall be a social rather than an economic function. . . .

(5) Music and Art—To develop media which have common bases. . . .

(6) Exchange of industrial skills internationally. . . .

* * *

Lord Beaverbrook has cabled one of the British journalists here to the effect that Bretton Woods will certainly be defeated in Parliament. . . .

There is in England none of the propagandizing which goes on here; it would be considered strictly improper for a civil servant as Lord Keynes to propagandize. . . . Propaganda is permissible only after the Government has actually introduced the bill. . . . This will be done in London probably only after Congressional action here. . . . **If Congress acts favorably here, the matter will still be doubtful in England; if action is negative here, the proposals will of course have no chance in England. . . .**

* * *

It is reported that Professor Hayek's book, "The Road to Serfdom" has in England aroused greater apparent than real criticism. . . . For there as well as here, the controversial Liberals consist of a vocal minority, with the real economists keeping silent. . . . **The majority of the British people are against State-management, but simultaneously they doubt whether Hayek is correct in thinking there is a real danger to liberty. . . .**

* * *

With the power of veto still being argued in all its phases throughout the Conference, Chairman Kleffens of the Netherlands Delegation says he will take an unalterable stand for preserving at least the naming of an aggressor against emasculation by the veto "blackball."

DIVIDEND NOTICES

ALLIS-CHALMERS MFG. CO.

COMMON DIVIDEND NO. 84

A regular quarterly dividend of forty cents ($0.40) per share, upon the issued and outstanding common stock, without par value, of this Company, has been declared, payable June 30, 1945, to stockholders of record at the close of business June 8, 1945. Transfer books will not be closed. Checks will be mailed.

W. E. HAWKINSON,
Secretary-Treasurer.

May 7, 1945.

ALLIS-CHALMERS MFG. CO.

PREFERRED DIVIDEND NO. 5

A dividend of one dollar ($1.00) per share on the preferred stock, $100.00 par value, of this Company, has been declared, payable June 5, 1945, to stockholders of record at the close of business May 15, 1945. Transfer books will not be closed. Checks will be mailed.

W. E. HAWKINSON,
Secretary-Treasurer.

May 7, 1945.

CHICAGO GREAT WESTERN CORN BELT ROUTE RAILWAY COMPANY

CHICAGO GREAT WESTERN RAILWAY COMPANY

Preferred Stock Dividend

A dividend of 62½c a share has been declared on the 5% Preferred Stock of this Corporation, payable on June 29, 1945, to stockholders of record at the close of business June 14, 1945. Checks will be mailed.

B. F. PARSONS,
Secretary

Chicago, Illinois, May 15, 1945

De Cant Is Now With Maxwell, Marshall Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Abel Davis De Cant has become associated with Maxwell, Marshall & Co., 647 South Spring Street, members of the Los Angeles Stock Exchange. Mr. De Cant was previously with North American Securities Co. and Gross, Martin & Co. Prior thereto he was manager of the municipal department of the District Bond Co.

Schwamm & Co.

Saul Schwamm and Elizabeth Schwamm, as general partners and Trust for J. M. Schwamm and Trust for N. M. Schwamm, as limited partners, announce the formation of Schwamm & Co., 60 Broad Street, New York City, a limited co-partnership to act as dealers in state and municipal bonds.

DIVIDEND NOTICES

AMERICAN CYANAMID COMPANY

PREFERENCE DIVIDEND

The Board of Directors of American Cyanamid Company on May 15, 1945, declared a quarterly dividend of 1¼% ($.125) per share on the outstanding shares of the 5% Cumulative Preference Stock of the Company, payable July 2, 1945 to the holders of such stock of record at the close of business June 4, 1945.

COMMON DIVIDEND

The Board of Directors of American Cyanamid Company on May 15, 1945, declared a quarterly dividend of twenty-five cents (25¢) per share on the outstanding shares of the Common Stock of the Company, payable July 2, 1945 to the holders of such stock of record at the close of business June 4, 1945.

W. P. STURTEVANT,
Secretary.

American Woolen Company

INCORPORATED

225 FOURTH AVE., NEW YORK 3, N.Y.

AT a meeting of the Board of Directors of the American Woolen Company held today, a dividend on the Preferred Stock of $2.00 a share on account of arrears was declared, payable June 15, 1945 to stockholders of record June 1, 1945. Transfer books will not close. Checks will be mailed by Guaranty Trust Co. of N. Y., dividend disbursing agent.

F. S. CONNETT,
Treasurer.

May 16, 1945.

THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY

Washington, D. C., May 16, 1945.

A dividend of $4.50 per share on the Preferred Stock of The Alabama Great Southern Railroad Company has been declared payable [illegible] to stockholders of record at the close of business May 28, 1945.

A dividend of $4.50 per share on the Ordinary Stock has been declared payable June 28, 1945, to stockholders of record at the close of business May 28, 1945.

J. J. MAHER, *Secretary.*

THE BUCKEYE PIPE LINE COMPANY

30 Broad Street

New York, April 26, 1945.

The Board of Directors of this Company has this day declared a dividend of Twenty (20) Cents per share on the capital stock without par value, payable June 15, 1945 to shareholders of record at the close of business May 25, 1945.

C. O. BELL, Secretary.

Magma Copper Company

Dividend No. 91

On May 16, 1945, a dividend of Twelve and One-half Cents (12½c) per share was declared on the capital stock of Magma Copper Company, payable June 15, 1945, to stockholders of record at the close of business May 25, 1945.

H. E. DODGE, *Treasurer.*

Newmont Mining Corporation

Dividend No. 67

On May 16, 1945, a dividend of 37½ cents per share was declared on the capital stock of Newmont Mining Corporation, payable June 15, 1945, to stockholders of record at the close of business May 25, 1945.

H. E. DODGE, *Treasurer.*

DIVIDEND NOTICES

OFFICE OF NORTHERN STATES POWER COMPANY (WISCONSIN)

The board of directors of Northern States Power Company (Wisconsin), at a meeting held on May 7, 1945, declared a dividend of one and one-quarter per cent (1¼%) on the Preferred Stock of the Company, payable by check June 1, 1945, to stockholders of record as of the close of business May 19, 1945, for the quarter ending May 31, 1945.

N. H. BUCKSTAFF, *Treasurer.*

St. Louis, Rocky Mountain & Pacific Co.

Raton, New Mexico, May 8, 1945.

PREFERRED STOCK DIVIDEND NO. 101

The above Company has declared a dividend of $5.00 per share on the Preferred Stock of the Company to stockholders of record at the close of business May 15, 1945, payable June 1, 1945. Transfer books will not be closed.

COMMON STOCK DIVIDEND NO. 88

The above Company has declared a dividend of fifty cents per share on the Common Stock of the Company, to stockholders of record at the close of business May 15, 1945, payable June 1, 1945. Transfer books will not be closed.

P. L. BONNYMAN, Treasurer.

TC TENNESSEE CORPORATION

TENNESSEE CORPORATION

A dividend of 25¢ per share has been declared, payable June 29, 1945, to stockholders of record at the close of business June 7, 1945.

61 Broadway
New York 6, N. Y.
May 8, 1945.

J. B. McGEE
Treasurer.

Imperial Oil Limited

NOTICE TO SHAREHOLDERS AND THE HOLDERS OF SHARE WARRANTS

NOTICE is hereby given that a semi-annual dividend of 25c per share in Canadian currency has been declared, and that the same will be payable on or after the 1st day of June, 1945, in respect to the shares specified in any Bearer Share Warrants of the Company of the 1929 issue upon presentation and delivery of coupons No. 63 at:

THE ROYAL BANK OF CANADA,
King and Church Streets Branch,
Toronto 1, Canada.

The payment to Shareholders of record at the close of business on the 17th day of May, 1945, and whose shares are represented by Registered Certificates of the 1929 issue, will be made by cheque, mailed from the offices of the Company on the 31st day of May, 1945.

The Transfer books will be closed from the 18th day of May to the 31st day of May, 1945, inclusive and no Bearer Share Warrants will be "split" during that period.

The Income Tax Act of the Dominion of Canada provides that a tax of 15% shall be imposed and deducted at the source on all dividends payable by Canadian debtors to non-residents of Canada. The tax will be deducted from all dividend cheques mailed to non-resident shareholders and the Company's Bankers will deduct the tax when paying coupons to or for accounts of non-resident shareholders. Ownership Certificates must accompany all dividend coupons presented for payment by residents of Canada.

Shareholders resident in the United States are advised that a credit for the Canadian tax withheld at source is allowable against the tax shown on their United States Federal Income Tax return. In order to claim such credit the United States tax authorities require evidence of the deduction of said tax, for which purpose Ownership Certificates (Form No. 601) must be completed in duplicate and the Bank cashing the coupons will endorse both copies with a Certificate relative to the deduction and payment of the tax and return one Certificate to the Shareholder. If Forms No. 601 are not available at local United States banks, they can be secured from the Company's office or the Royal Bank of Canada, Toronto.

Under existing Canadian Regulations:

(a) Payment of this dividend to residents of enemy or enemy occupied countries is prohibited.

(b) Payment thereof to residents of other portions of Continental Europe and China is prohibited but such residents may direct the deposit to their credit in a Canadian Bank of all amounts payable to them.

(c) Other non-residents of Canada may convert this dividend at current Canadian Foreign Exchange Control rates into such foreign currencies as are permitted by the General Regulations of the Canadian Foreign Exchange Control Board. Such conversion can only be effected through an authorized dealer, i.e., a Canadian Branch of any Canadian Chartered Bank.

Shareholders residing in the United States may convert the amount of the current dividend into United States currency at the official Canadian Foreign Exchange Control rate by sending at their own risk and expense, coupons or dividend cheques properly endorsed, to The Agency of The Royal Bank of Canada, 68 William Street, New York City, which will accept them for collection through an authorized dealer, or direct to any authorized dealer of the Canadian Foreign Exchange Control Board.

Shareholders residing in countries other than the United States to whom payment is not prohibited as noted above may convert the amount of the current dividend by sending at their own risk and expense coupons, or dividend cheques properly endorsed, to The Royal Bank of Canada, King and Church Streets Branch, Toronto, Canada, or to any other authorized dealer or to The Agency of The Royal Bank of Canada, 68 William Street, New York City, U. S. A., with a request for a draft in such foreign currency as is permitted in settlement of same, but they should first satisfy themselves that this action is not prohibited by the Foreign Exchange Control Regulations of the country in which they reside.

IMPORTANT NOTICE

Holders of Bearer Share Warrants who have not yet secured new talons with Dividend coupons numbered 61 to 80 inclusive, are hereby notified that same are available. The talon only should be detached from the Bearer Share Warrants and presented at or forwarded to the office of the Secretary, Imperial Oil Limited, 56 Church Street, Toronto 1, Ontario, Canada, by registered mail (with return address clearly indicated) when a new supply of coupons bearing the same serial number as the Warrant from which the talon is detached, will be issued in exchange therefor.

By order of the Board,
J. A. NEW, General Secretary.

56 Church Street,
Toronto 1, Ontario.
8th May, 1945.

Calendar Of New Security Flotations

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

WEDNESDAY, MAY 23

PACIFIC GAS & ELECTRIC CO. on May 4 filed a registration statement for 700,000 shares of common stock (par $25). The shares are owned by the North American Co. which is offering them.

Details—See issue of May 10.

Underwriters—To be filed by amendment.

Bids Asked—North American Co. will receive bids up to 3 p.m. EWT May 22 for the purchase of the stock.

EVERSHARP INC. on May 4 filed a registration statement for $3,000,000 4½% convertible income debentures due 1965.

Details—See issue of May 4.

Offering—Price to the public will be filed by amendment.

Underwriters — Lehman Brothers was named principal underwriter, with names of others to be filed by amendment.

THURSDAY, MAY 24

NATION-WIDE SECURITIES CO., INC., on May 5 filed a registration statement for 300,000 shares of capital stock, par $1.

Details—See issue of May 10.

Offering—At market.

Proceeds—For investment.

HEWITT RUBBER CORP. on May 5 filed a registration statement for 190,000 shares of common stock ($5 par). The registration includes 10,000 shares being offered by a stockholder.

Details—See issue of May 10.

Offering—The 190,000 shares registered include 120,000 shares offered in exchange for the 75,000 outstanding shares of capital stock of Robins Conveyors, Inc. on the basis of 1.6 shares of Hewitt for each share of Robins. The remaining 70,000 shares, including 10,000 shares being sold by a stockholder, are underwritten. Price to the public will be filed by amendment.

Underwriters—F. Eberstadt & Co. is named principal underwriter.

SUNDAY, MAY 27

GASPE OIL VENTURES, LTD., has filed a registration statement for 1,500,000 shares of common stock ($1 par) and 200,000 common share purchase warrants and 200,000 shares of common reserved for warrants.

Address—Montreal, Canada.

Business—Exploration and development of oil wells.

Offering—Price to the public is 60 cents per share. The underwriter will receive purchase wararnts for the purchase of 2,000 shares of common for each 15,000 shares of common stock sold in the offering at a price of 45 cents per share.

Proceeds—Will be used as additional working capital. A certain sum will be set aside as a reserve for drilling test wells on its claims, and balance may be used for exploration work in other areas of the Gaspe Peninsula.

Underwriter—Tellier & Co.

Registration Statement No. 2-5743. Form S-2. (5-8-45).

WEDNESDAY, MAY 30

RICHMOND RADIATOR CO has filed a registration statement for 333,333 shares of common stock (par $1).

Address—Reynolds Metals Building, 3rd and Grace Streets, Richmond, Va.

Business—Prior to war company manufactured and sold at wholesale, plumbing fixtures, etc. At present the major contract on the company's books is for the manufacture of rocket motors. This contract, according to the registration statement, provides for the sale of more than $8,000,000 of the contract item. Due to war-time regulations on Government contracts it is not possible to elaborate on this contract, statement said.

Offering—The company is offering to holders of its common stock of record at the close of business May 31, 1945, the 333,333 additional shares of common at $3 per share, in the ratio of one share for each two shares held. Reynolds Metals Co., which owns 61.47% of the common stock of Richmond, will, if necessary, waive rights to the extent required to provide shares for stockholders other than itself, since on a mathematical basis the stockholders, including Reynolds, would be entitled to about 97/100 of a share for each two shares. Otherwise Reynolds will subscribe to its full share, and will also purchase at $3 per share any stock not subscerbed for by other stomkholders. The rghts to subscribe will expire July 5.

Proceeds—Net proceeds are estimated at $ 99,999 less expense of issuing stock, estimated at $25,000. About $550,000 of the proceeds will be used to consummate the contract of purchase with Carillon Ceramics Corp. The purchase price for fixed assets and inventory will be about $650,000. Carillon Ceramics is a wholly-owned subsidiary of General Ceramics Co. and its plant is located at Metuchen, N. J. Of the remaning amount of $400,000, approximately $250,000 will be advanced to United States Sanitary Manufacturing Co., wholly-owned subsidiary, for the development of a mill room for the manufacture of enamel and the remaining $150,000 will be available for working capital.

Underwriters—None named.

Registration Statement No. 2-5745. Form S-1. (5-11-45).

SATURDAY, JUNE 2

KEYSTONE CUSTODIAN FUNDS, INC., has filed a registration for investment trust-full certificates of participation, viz.: 350,000 shares of series B-2; 300,000 shares of series K-2, and 500,000 shares of series S-3.

Address—50 Congress Street, Boston, Mass.

Offering—At market.

Proceeds—For investment.

Sponsor—Keystone Custodian Funds, Inc., is named sponsor.

Registration Statement Nos. 2-5746, 5747 and 5748, respectively. Form C-1. (5-14-45).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN BOX BOARD CO. on April 25 filed a registration statement for $1,750,000 20-year 4½% convertible debentures and 109,375 shares of common stock, par $1. The shares of stock were registered to provide for the conversion feature of the debentures.

Details—See issue of May 3.

Offering—A total of $220,000 of the debentures are reserved for sale by the company to its profit sharing incentive retirement trust; $177,000 are to be offered to officers and employes in exchange for outstanding securities of the company or for sale to them and $1,103,000 together with any balance of the $177,000 not taken by officers and employes are to be sold to underwriters for offering to the public at a price to be filed by amendment. The remaining $250,000 are reserved.

Underwriters—Paine, Webber, Jackson & Curtis and Paul H. Davis & Co. head the group of underwriters.

AMERICAN ENGINEERING CO. on Feb 27 filed a registration statement for $3,000,000 5% 15-year sinking fund debentures and 200,000 shares of common stock Of the stock registered 132,000 shares are issued and outstanding and being sold by stockholders.

Details—See issue of March 8.

Offering—The debentures will be offered at 100 and the common stock at $8.50 per share

Underwriters—Van Alstyne, Noel & Co heads the underwriting group, with the names of others to be supplied by amendment.

ARKANSAS-MISSOURI POWER CORP. on Dec. 4 filed a registration statement for $2,000,000 first mortgage bonds, series A, 3⅛%, due Dec. 1, 1974.

Details—See issue of Dec. 7, 1944.

Offering—The bonds will be offered for sale at competitive bidding.

ATLANTIC CO. on March 23 filed a registration statement for $10,600,000 5% sinking fund debentures, due April 1, 1980, and 274,868 shares of common stock (no par).

Details—See issue of March 29.

Offering—Under reorganization and recapitalization plan company is offering to the holders of outstanding 6% cumulative preferred stock the privilege of exchanging their shares on the basis of $100 par value of stock for $100 par value of 5% debentures and one share of common stock; to holders of 7½% cumulative preferred stock the privilege of exchanging their shares on basis of $100 par value of preferred stock for $100 of debentures and 5 shares of common and to holders of outstanding 6% Class A preference stock the privilege of exchanging their shares on the basis of $50 par value of stock for $50 par value of 5% debentures and two shares of common stock.

The holders of the 6% preferred and 6% Class A stock offering their stock for exchange shall receive dividends on April 1, 1945, at the same rate of dividends paid on the stock on Jan. 1, 1945, but shall receive no dividends thereafter, the debentures bearing interest from such date.

Any debentures not issued in exchange for stock shall then be offered to holders of presently outstanding first mortgage 5% sinking fund bonds on the basis of $100 par of debentures plus an amount not exceeding $3 in cash for each $100 par value of bonds exchanged. The 5% sinking fund bonds are callable at 103. All of the outstanding 5% sinking fund bonds not exchanged for debentures and all of the first mortgage 3% serial bonds shall be called for redemption.

The company contemplated that about June 1, 1945, it will issue not exceeding $3,400,000 3% notes and use the proceeds either for the purpose of calling all 3% serial bonds and the outstanding unexchanged 5% sinking fund bonds or to reimburse the company for funds previously used for that purpose. Any debentures not taken in exchange for stocks or bonds may be sold by the company at not less than par plus accrued interest.

Underwriter—Courts & Co., Atlanta, is named as underwriter.

AUTOMOBILE DEALERS INSURORS, INC. on Feb. 19 filed a registration statement for 4,985 shares of preferred stock and 7,470 shares of Class A common stock.

Details—See issue of Feb. 22.

Offering—Preferred and Class A common stock will be offered only to factory authorized automobile dealers and automobile finance men in blocks of one share of preferred and two shares of Class A common for $101 per unit.

Underwriters—None named.

BALTIMORE PORCELAIN STEEL CORP. April 13 filed a registration statement for 100,000 shares of 7% cumulative convertible preferred stock (par $5) and 100,000 shares of common (par 10 cents).

Details—See issue of April 19.

Offering—The price to the public is $5 per unit consisting of one share of preferred and one share of common stock.

Underwriters—Kobbe, Gearhart & Co., Inc., and Newburger & Hano are principal underwriters.

BENDIX HELICOPTER, INC. on Feb. 2 filed a registration statement for 1,200,000 shares of capital stock, par value 50 cents.

Details—See issue of Feb. 8, 1945.

Offering—Of shares registered 1,000,000 are to be offered presently proportionately to holders of outstanding stock on basis of four additional shares for each five shares held at $1.60 per share; 200,000 shares are reserved to be issued when, as and if certain outstanding options are exercised. Such shares of stock as are not subscribed for by the stockholders will be offered to the public by the underwriters at $2 per share.

Underwriters—Bond & Goodwin, Inc.

CALIFORNIA WATER & TELEPHONE CO. on March 27 filed a registration statement for 107,000 shares of $1.20 cumulative preferred (par $25) and 9,672 shares common ($25 par).

Details—See issue of April 5.

Offering—New preferred will be offered for exchange to holders of 100,000 shares of 6% cumulative ($25 par) preferred on share for share basis. Unexchanged shares and the 7,000 additional shares of preferred and 9,672 shares of common will be offered through underwriters to public, the preferred at $27.50 per share and the common at $36 per share.

Underwriters — Blyth & Co., Inc., is named principal underwriter.

CAROLINA POWER & LIGHT CO. on March 16 filed a registration statement for 156,158 shares of $5 preferred stock (no par).

Details—See issue of March 22.

Offering — The 156,158 shares of $5 preferred stock are to be offered, share for share in exchange for not more than 90% of the 93,553 shares of $7 preferred and 79,955 shares of $6 preferred now outstanding. All presently outstanding $7 and $6 preferred will be retired either by exchange or by redemption at $110 per share plus dividends to date of redemption. Company proposes to make a cash adjustment which, together with dividends receivable on the $5 preferred stock, will give each stockholder who exercises the exchange privilege a dividend at rate of $7 per share per annum or $6 per share per annum, respectively, up to respectively up to the redemption date of these stocks.

Kirchofer & Arnold and R. S. Dickson & Co., Inc. are dealer managers.

CENTRAL OHIO LIGHT & POWER CO. on Dec. 28 filed a registration statement for 11,972 shares of preferred stock, cumulative ($100 par). The dividend rate will be filed by amendment.

Details—See issue of Jan. 4, 1945.

Offering—Company proposes to invite proposals for services to be rendered to it in obtaining acceptances of the exchange offer of new preferred stock for old preferred and for the purchase from it of such of the 11,972 shares as are not exchanged pursuant to the exchange offer.

CITY STORES CO. on April 19 filed a registration statement for 125,000 shares of common stock (par $5). Shares are issued and outstanding and are being offered by Bankers Securities Corp., parent.

Details—See issue of April 26.

Offering—The price to the public will be filed by amendment.

Underwriters—Lehman Brothers is named principal underwriter.

CLYDE PORCELAIN STEEL CORP. on April 27 filed a registration statement for $500,000 first mortgage 15-year 5½% sinking fund convertible bonds and 100,000 shares of common stock reserved for convertion of the bonds.

Details—See issue of May 3.

Offering—Price to the public is 100.

Underwriters—Kobbe, Gearhart & Co., Inc., and Newburger & Hano are principal underwriters.

CONSOLIDATED RETAIL STORES, INC. on April 6 filed a registration statement for 30,000 shares of $2.75 cumulative preferred stock (no par).

Details—See issue of April 12.

Offering—The company is giving to the holders of its outstanding 8% cumulative preferred stock, par $100, the right to exchange such stock for $2.75 cumulative preferred on the basis of 2.30 shares of $2.75 cumulative preferred, plus certain cash payment by the company, for each share of 8% preferred. Unsubscribed shares will be purchased by underwriters and offered to the public at $50 per share.

Underwriting—Central Republic Co., Inc.; Peltason, Tenenbaum Co.; Scherck, Richter & Co.; Stix & Co.; G. H. Walker & Co.; I. M. Simon & Co., and Stein Bros. & Boyce.

COVENTRY GOLD MINES, LTD. on April 21 filed a registration statement for 333,333 shares of common stock.

Details—See issue of April 26.

Offering—Price to the public is 30 cents per share.

Underwriters—None named. The company proposes to market its own securities.

DIANA STORES CORP. on Feb. 5 filed a registration statement for 40,000 common stock purchase warrants and 40,000 shares of common stock par value $1 per share, issuable pursuant to these warrants.

Details—See issue of Feb. 15, 1945.

Offering—40,000 shares of common stock are issued and outstanding and are not offered for account of company. Company is offering 40,000 shares of common issuable upon the exercise of the stock purchase warrants.

Underwriters—Van Alstyne, Noel & Co. named principal underwriter.

ELECTROMASTER, INC. on March 29 filed a registration statement for 107,923 shares of common stock, par $1. All of the stock is issued and outstanding and is owned by Nash-Kelvinator Corp. (being 55.17% of total outstanding stock).

Details—See issue of April 5.

Offering—Offering price to the public is $8 per share.

Underwriters—S. R. Livingstone & Co., and Mercier, McDowell & Dolphyn, both of Detroit.

EUREKA VACUUM CLEANER CO. on April 30 filed a registration statement for 122,500 shares ($5 par) common stock.

Details—See issue of May 10.

Offering—The price to the public will be filed by amendment.

Underwriters—Hornblower & Weeks and Kebbon, McCormick & Co. are named principal underwriters.

GODCHAUX SUGARS, INC. on April 25 filed a registration statement for 29,370 shares of $4.50 prior preferred stock, cumulative (no par).

Details—See issue of May 3.

Offering—Company is offering to the holders of the 26,700 shares of its $7 preferred stock now outstanding the right to exchange such shares for 29,370 of its $4.50 prior preferred upon the basis of 1 1/10 shares of prior preferred for each share of $7 preferred plus a cash adjustment with respect to dividends. The company intends to redeem at $110 per share and accrued dividends all $7 shares not exchanged under the plan. The underwriters will purchase any new shares not issued in exchange and offer them at a price not less than $101.50 per share.

Underwriters — Hallgarten & Co., and Harris, Hall & Co., Inc., head the group of underwriters.

A. HARRIS & CO. on April 23 filed a registration statement for 7,000 shares of 5½% cumulative preferred stock (par $100).

Details—See issue of April 26.

Offering—The new preferred will be offered initially to the common stockholders at $100 per share on the basis of one share of preferred for each share of common. Any shares not subscribed will be offered pro rata to the former holders of the 7% preferred shares which shares have been called for redemption on May 1, 1945. Any balance will be offered to the public by the underwriter at $102.

Underwriters—Dallas Rupe & Son of Dallas, Texas.

HINDE & DAUCH PAPER CO. on April 21 filed a registration statement for 35,900 shares of $4 cumulative convertible preferred stock (par $100) and 119,666⅔ shares of common (par $10). The latter are being registered in event of the conversion of the preferred stock.

Details—See issue of April 26.

Offering—Company is offering to holders of its 35,900 shares of $5 cumulative convertible preferred right to exchange such shares, on a share for share basis, subject to certain dividend adjustments. Any unsubscribed shares will be purchased by underwriters and offered to public at a price to be filed by amendment.

Underwriters—Glore, Forgan & Co. and Maynard H. Murch & Co. are principal underwriters.

LAISTER-KAUFFMAN AIRCRAFT CORP. on April 19 filed a registration statement for 17,702 shares first preferred stock, 6% cumulative (par $25), 262,314 shares class A common (par $1), 250,000 shares class B common (par 5 cents) and 260,136 shares class C common (par 5 cents).

Details—See issue of April 26.

Underwriters—John R. Kauffman Co. is named principal underwriter.

LASALLE YELLOWKNIFE GOLD MINES, LTD., on March 30 filed a registration statement for 314,512 shares, par value $1.

Details—See issue of April 5.

Offering — Of total registered 200,000 shares consist of a new series of shares and will be sold at $1 per share. There is also included in the registration 114,512 shares which were sold to United States residents prior to registration, and concerning which an offer of recision is to be made.

Underwriters — Company proposes to market its own securities.

LITTLE RAPIDS PULP CO.—Bondholders Protective Committee has filed a registration statement for certificates of deposit for $145,000 first lien collateral income gold bonds due March 1, 1943.

Address of Committee—204 First National Bank Building, Appleton, Wis.

Business—The issuer has been engaged in the operation of a pulp mill since March, 1925, and through a wholly-owned subsidiary, the operation of a hydro-electric plant since 1933 at Kagawon, Ontario, Canada.

Date of proposed call for deposit, June 1, 1945.

Registration Statement No. 2-5744. Form D-1. (5-11-45).

MAJESTIC RADIO & TELEVISION CORP. on April 24 filed a registration statement for 69,965 shares of common stock, one cent par value. Of shares registered 66,965 are already issued and outstanding and being sold by certain stockholders and 3,000 shares will be issued by Majestic upon exercise of an option at $2 per share.

Details—See issue of May 3.

Offering—Price to the public will be filed by amendment.

Underwriters—Kobbe, Gearhart & Co., Inc., is named principal underwriter.

MOBILE GAS SERVICE CORP. April 12 filed a registration statement for 100,000 shares of common stock (no par). The shares are issued and outstanding and owned by Consolidated Electric & Gas Co.

Details—See issue of April 19.

Issue Awarded at competitive bidding May 15 to The First Boston Corp. and associates at $16.029 per share.

FINANCIAL SERVICE

Thru Low Rate—Large sum loans

Corporations—Short or long term

Individuals—Securities, Ins. etc.

COLLATERAL DISCOUNT CORPORATION

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MORRISON-KNUDSEN CO., INC., April 12 filed a registration statement for 4,000 shares series M 5% and 3,000 shares series N 6% cumulative preferred stocks both $100 par value.

Details—See issue of April 19.

Offering—The preferred stock will be sold at par.

Underwriters — Wegener & Daly, Inc., Idaho, is underwriter for the preferred stock.

NEWCOR MINING & REFINING, LTD., on March 10 filed a registration statement for 500,000 shares of common stock without par value.

Details—See issue of March 15.

Offering—Price to the public is $1 per share.

Underwriters — Tellier & Co. is named principal underwriter.

NU-ENAMEL CORP. on March 30 filed a registration statement for 50,000 shares 60-cent cumulative dividend convertible preferred stock, par $5.

Details—See issue of April 5.

Offering—Company is initially offering new preferred to holders of its common stock for subscription at $10 per share on basis of one share of preferred for each 6½ shares of common. Unsubscribed shares will be offered to public by underwriter at $10 per share.

Underwriters—Floyd D. Cerf Co. of Chicago, is named principal underwriter.

POTOMAC EDISON CO. on April 19 filed a registration statement for 63,784 shares of 4½% preferred stock (par $100).

Details—See issue of April 26.

Offering—The company will offer the 63,784 shares of preferred stock in exchange for the 29,182 shares of 7% and 34,602 shares of 6% preferred stock now outstanding on a share for share basis with a dividend adjustment in each case and $5 in cash for each share of 7% preferred stock exchanged.

Underwriters — The company has retained Alex. Brown & Sons as dealer-manager to aid it in obtaining acceptances of the exchange offer.

PRINCESS SHOPS, INC. on April 20 filed a registration statement for 25,000 shares of 60 cent cumulative dividend preferred stock (par $5) and 25,000 shares of common stock (par 50 cents).

Details—See issue of April 26.

Offering—The stock is being offered in units consisting of one share of preferred and one share of common at $10 per unit.

Underwriters — First Colony Corp. and Childs, Jeffries & Thorndike, Inc. head the underwriters, with the names of others to be filed by amendment.

FRED B. PROPHET CO. April 17 filed a registration statement for 100,000 shares of common stock (par $1). Shares are issued and outstanding and are being sold by Fred B. Prophet, President, Treasurer and Director.

Details—See issue of April 26.

Offering—Of the shares registered the underwriters have purchased 86,500 which will be offered to the public at $6.25 a share. The remaining 13,500 shares will be offered by Mr. Prophet to officers, directors and employees of the corporation at $5.25 a share. Any of the 13,500 shares not purchased by such officers, etc., will be purchased and offered to the public by the underwriters at $6.25 a share.

Underwriters—Smith, Hague & Co., Detroit, and Straus & Blosser, Chicago, are named principal underwriters.

REVERE COPPER & BRASS, INC. on April 27 filed a registration statement for 150,000 shares of common stock (no par). The shares are issued and outstanding and are owned by General Cable Corp.

Details—See issue of May 3.

Offering—The price to the public will be filed by amendment.

Underwriters—Blyth & Co., Inc. is the principal underwriter.

RUSS BUILDING CO. April 16 filed a registration statement for $2,000,000 4¼% 20-year sinking fund debentures due 1965.

Details—See issue of April 26.

Offering—Price to the public will be filed by amendment.

Underwriters — Blyth & Co., Inc., is named principal underwriter, with others to be named by amendment.

ST. JOSEPH LIGHT & POWER CO. on Feb. 28 filed a registration statement for 13,056 shares of Class A 5% cumulative preferred stock, par $100.

Details—See issue of March 8.

Offering—The company is offering 13,056 shares of its Class A 5% preferred shares in conversion share for share of the outstanding 5% cumulative preferred shares held by others than Cities Service Power & Light Co.

Underwriters—The company has retained Estabrook & Co., G. H. Walker & Co. and Prescott, Wright, Snider Co. as exchange agents to secure and procure consents of preferred shareholders to the conversion.

The company also proposes to refund the $4,806,000 first mortgage bonds, 4½% series due 1947 and to reduce the aggre-

Bretton Woods Plan Will Foster Foreign Totalitarianism

(Continued from page 2191)

Germany, of Fascist Italy, as well as pre-war France.

No one can doubt that most nations of the world today are in the grip of ideas and policies taking their peoples down the primrose path of collective bargaining and inflation, using the term "collective bargaining" to cover not merely trade unions, but all other forms of price-maintenance organizations and government policy. This is what economists who advocate United States approval of the Bretton Woods Agreements mean by the "price rigidties" which, so they say, make return to the gold standard impossible. Prices are to be permitted to move only in one direction—upwards. No correction of any situation is to be brought about by a price decline in any important oversupplied or monopolized line. Instead, other prices must move up. This means that the general price level must move up, that inflationary policies must continue, and that foreign exchange rates can be stabilized only by pauperizing gifts from richer nations to poorer nations, or by suppression of liberty and trade through stricter government rationing of declining amounts of exchange and goods.

Can Economic Liberty Be Restored?

Dr. Harry D. White, Assistant to the Secretary of the Treasury, in defending the Agreements, says

> "Fundamentally, the stability of the decade before the First World War was due not to the gold standard but to the fact that the world economic structure was sufficiently *resilient* and *adaptable* to permit playing the game according to gold-standard rules." (*Foreign Affairs*, January, 1945.)

By a "resilient and adaptable" economy Dr. White means one in which prices and wage rates are determined by supply and demand in competitive markets. In short, he means a condition of individual liberty, or free enterprise. Since this no longer exists, he says, it is no use to hope for reestablishment of the gold standard, because governments will no longer permit the "necessary adjustments" through free markets and free prices. Instead, he believes, we must have rigged markets, fiat money and currency depreciation.

He continues:

> "Nor if a change in exchange rates is necessary to correct a fundamental disequilibrium, could the Fund object on the grounds of the domestic social or political policies of a country; it cannot be placed in the position of judging such policies of its members. It could not forbid countries to undertake social security programs or other social measures on the ground that such measures may jeopardize a given parity. Englishmen have not forgotten that in the sterling crisis of 1931 social services were cut in the attempt to maintain the fixed sterling parity.
>
> "To use international monetary arrangements as a cloak for the enforcement of unpopular policies whose merits or demerits rest not on international monetary considerations, as such, but on the whole economic program and philosophy of the country concerned, would poison the whole atmosphere of international financial relations."

By means of currency devaluations, therefore, the nations of the world may continue their "managed economy" programs as the resulting governmental deficits are met by fresh issues of inconvertible currency. At least, so Dr. White implies.

Dr. E. M. Bernstein, Assistant Director of the Division of Monetary Research, Treasury Department, makes much the same defense of the Bretton Woods Agreements. He says:

> "In these days few countries, even if they could, would be willing to change firmly established wage practices. The experience of the past shows clearly that if the economic structure cannot be changed the gold standard will at times have to give way.
>
> "In the present state of world opinion, the gold standard in any form cannot be regarded as a practical basis for a common international monetary policy. The opposition is too widespread and too fundamental. In many countries the people have come to regard the gold standard as a policy compelling restrictions that undermine domestic social and political policies which are paramount in the public mind." (*American Economic Review*, December, 1944.)

These economists consider it politically impossible to restore the individual liberty necessary for competitive markets for commodities and services. We must expect, they say, a policy of "administered" prices and wage rates. This means restriction and control of investment, production, and trade by government and by government-supported monopolies. It means government doles to the idle and government purchases of "surplus" commodities. It also means continuance of price ceilings, rationing and wage controls to conceal the inflationary results—rigged markets, fiat money, inflation, stateism.

History shows that the final result of these policies will be economic collapse and political revolution. Gifts and easy credit from the United States, which is richer and less far advanced in collectivism, may for a time postpone the day of reckoning. But this postponement will be purchased by a more complete and widespread breakdown in the end.

It should also be recognized that the United States itself will be in a precarious financial condition after the war. Tax rates will be higher than ever before in our history. Gold reserve ratios will be alarmingly low. Costs of production will be high and rising. Widespread class warfare is in prospect as various economic groups attempt to use organization and political power in order to get more money for less output.

The United States, therefore, will not be in a position to afford the luxury of supporting a world-wide RFC or WPA such as is contemplated in the Bretton Woods Agreements.

The difficulties of foreign nations are not due to lack of gold or dollars. They have five times as much gold and dollar balances as they had in 1919, although the needs of trade have not correspondingly increased. The United States gold holdings are not out of line with the relative economic importance of this country as compared with the rest of the world. As a matter of fact, the United States is a net debtor on short-term foreign account for nearly one-third of our total gold holdings, or six billion dollars—an amount equal to that which this nation is asked to put into the World Fund and Bank. In addition, through the RFC, the Import-Export Bank, lend-lease, and continued spending abroad for war purposes further great sums of American money are being put into the hands of other nations.

In view of these facts, the World Fund and Bank are not necessary for making foreign loans. Instead, they are part of the scheme for a so-called "planned economy," or socialism, on a world-wide basis.

The economic difficulties of all nations, including the United States, arise from a general unwillingness of peoples and governments to live within their incomes and to meet competition in free markets. There is a general desire to prosper by organizing to seize a larger share of a restricted output, instead of by competing in production. The fallacies of communism and of scarcity economics, or monopoly, dominate the thinking of governments and peoples. These are the causes of the "price rigidities" which are said to make a return to the gold standard impossible.

Some day, in the not distant future, these policies will bring their punishment. Then they will be seen as the reactionary measures they are and will be repented by those who now mistakenly regard them as "progressive," or "liberal." When that time comes it will be a comparatively simple matter to extend help to those who need it, because they will be ready to help themselves. Private capital in this country even now is ample for the task and would be eager for the opportunity, if foreign borrowers showed a willingness in any reasonably near future to live within their means.

Those who say that the world will not or cannot return to the gold standard and free enterprise mistake for a permanent condition what is only an inflationary and reactionary episode in human history. Civilizations have passed through such episodes before, suffered, recovered, and returned to the ways of freedom.

The end of the current reaction may be comparatively near. Collectivism is politically popular, but it depends for its life upon support of United States capital, accumulated under 150 years of free enterprise. When this support is withdrawn, as it will be, either through exhaustion of funds or through a change in United States policy, a reversal of the present socialistic trend may soon be expected.

The Bretton Woods Agreements, therefore, both for the Fund and Bank, mark a possible turning point in the totalitarian trend which has been dominant in world affairs for 50 years. If these Agreements are ratified by the United States, Great Britain and other nations, including Russia, may continue for a few more years in further collectivistic experiments subsidized by United States funds and goods. In that case the reversal of this reactionary trend will be delayed and mankind will continue its retreat towards serfdom, poverty and war.

If, on the other hand, the United States Congress rejects these Agreements, the day of returning liberty, lasting prosperity and peace will be brought measurably nearer.

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gate principal amount of its indebtedness to $3,750,000 by redeeming the outstanding bonds and issuing $3,750,000 of new bonds. The bonds will be sold at competitive bidding.

SOUTHWESTERN ELECTRIC SERVICE CO. April 18 filed a registration statement for $2,375,000 first mortgage bonds, 3⅜% series due 1975; 8,500 shares 4¾% cumulative preferred stock (par $100) and 128,935 shares of common (par $1).

Details—See issue of April 26.

Offering — Holders of the outstanding common stock of Southwestern Public Service Co. will be given the right to subscribe to the 128,935 shares of common at the rate of one share of common of Southwestern Electric for each five shares of common of Southwestern Public Service. The subscription price will be filed by amendment. The public offering price of any unsubscribed common and of the bonds and preferred stock will be filed by amendment.

Underwriters—To be filed by amendment.

SOUTHWESTERN INVESTMENT CO. on March 12 filed a registration statement for 12.500 shares preferred stock, convertible, no par, non-participating with cumulative dividend rights of $1 per share per annum, and 60,000 shares of common, no par. Of the latter 20,000 shares is to be reserved to meet conversion requirements of the preferred.

Details—See issue of March 15.

Offering—Holders of the $1.20 preferred stock have been given the option to exchange their stock on a share for share basis for the $1 preferred stock. Any of the $1 preferred not issued in exchange will be offered to the public at $20 per share. Corporation also is offering 11.822 authorized but unissued shares of common at $12.50 per share.

Underwriters—None named.

TEXAS POWER & LIGHT CO. on April 21 filed a registration statement for $26,600,000 first mortgage bonds due 1975. Interest rate will be filed by amendment.

Details—See issue of April 26.

Offering—Bonds will be offered for sale at competitive bidding with the successful bidder naming the interest rate. The price to the public will be filed by amendment.

Underwriters—To be filed by amendment

Bids Asked—Company is inviting bids for the purchase of the bonds. Bids will be received up to 12 noon EWT May 21 at 2 Rector St., N. Y. City. The successful bidder to specify the interest rate.

TEXTRON INC. on April 19 filed a registration statement for $5,000,000 15-year 4½% convertible debentures due April 1, 1960.

Details—See issue of April 26.

Offering—Price to the public will be filed by amendment.

Proceeds—Approximately $1,930,075 will be used to redeem at 102½ $1,883,000 15 year 5% convertible debentures; $500,000 to purchase from American Associates, Inc., $500,000 of debentures of Newmarket Manufacturing Co.; to repay American Associates the unpaid balance of a loan and to reduce an outstanding bank loan.

Underwriters—Principal underwriters are Blair & Co., Inc., New York, and Maxwell, Marshall & Co., Los Angeles.

UNIVERSAL CAMERA CORP. on March 19 filed a registration statement for 663,500 shares Class A common stock, par value one cent a share, with Class A common stock purchase warrants. Of the total 530,500 are issued and outstanding and are being sold by certain stockholders.

Details—See issue of March 29.

Offering—The initial offering price is $5 per share. Of the 133,000 shares being offered for account of company, 20,000 are to be offered to employees at $4.25 per share. Shares not subscribed for by employees will be sold to public through underwriters along with the rest of the public offering. For every ten shares of common stock bought, purchasers, other than employees, will receive warrants to subscribe to one share of common stock, at $5 per share, on or before Dec. 31, 1948. Employees will receive such warrants for each five shares of common stock purchased.

Underwriters — Floyd D. Cerf Co. is named principal underwriter.

Hearings on stop order proceedings were scheduled before SEC on April 25.

Tomorrow's Markets Walter Whyte Says——

(Continued from page 2182)

should be kept for anticipated storms. Two weeks ago this column also moved its stops up sharply. There were reasons and all of them were right in the market and not in the news. For the news itself has of late become so confused it has become meaningless.

* * *

The first important clue to an unhealthy situation occured May 9 when the rails got under 56 in the Dow averages. The break itself was unimportant. But the fact that it penetrated a base of resistance was ominous. This was confirmed by the following two days' action. The action of the rails was lost in the welter of a general market reaction. Yet the percentage of decline by the rails was greater than among the industrials. The latter breakthrough wasn't comforting but they (industrials) didn't violate any zone of resistance. The rails did.

So what? you may ask. We don't have to buy the rails. We'll play with the industrials. But things don't work that simply. There's a little something technicians call divergence which takes hold here. What this means need not be gone into here. Suffice it to say that it points to reaction in the entire list. Sometimes it indicates a reversal of not only the minor trend but the major trend as well. The rails have already begun flying their danger signals. The industrials seem to be on the verge of following suit. Watch out for a confirmation if the industrials break through the 160 level.

* * *

Specific advice applying to the stocks this column is committed to is as follows:

Hudson Motors, bought at 18, currently about 30, raise your stop to 27.

Jones & Laughlin, bought at 29, now about 32. Raise stop to 30.

Phelps Dodge bought at 27 was stopped out when it broke 27½.

U. S. Rubber, bought at 56, now about 59. Keep stop at 57.

U. S. Steel bought at 59, now about 66, keep stop at 65.

Walworth bought at 11, now about 10½, can't go anywhere if the market itself won't move. Stock has a good base and ripe position to move but it looks as if it will make its bid too late to amount to anything. So I suggest slipping out of it at current levels.

* * *

More next Thursday.

—Walter Whyte

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

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No Amendments to the Bretton Woods Agreements: Spence

(Continued from first page)

Banking and Currency Committee and Treasury officials have been participating in informal discussions of proposals to amend the BW enabling Bill HR 2211. Since there appears at present to be no chance of amending the BW Agreements themselves, at least not directly, the intention of the proponents of the changes in HR 2211 is to set down on paper this Government's interpretations of the Fund and Bank documents. Chairman Brent Spence of the House committee, after participating in several meetings on the subject, today informed the writer that he is opposed to any delay in this country's entrance into the Fund and Bank, conditioned on the other members accepting our interpretation of the BW documents. Mr. Spence's statement follows:

"I am not opposed to some amendments that would clarify the Bill HR 2211 and yet will not make fundamental changes or necessitate calling another international conference like that of last year. If an amendment to the bill would not affect the United States immediate entrance into the Fund and Bank, I am willing to consider it sympathetically. But I am opposed to our making our entrance into the program conditional upon the other member countries accepting in advance our interpretations. If we adopted an amendment of the latter character," he continued, "other countries would want the same right. It would establish a precedent, and there might be no end to it. England and others would want the same privilege.

"I anticipate that both the Fund and the Bank will be subject to interpretation and amendment after they are in operation. The device of conditional American acceptance, now being opposed, would in effect be reopening the BW Conference.

"We can always withdraw from the Fund and Bank, if they are not operated to our satisfaction.

"So long as general acceptance of our interpretation of the Agreements is not made a condition of our entry, I am willing to accept certain interpretations for incorporation in the bill, HR 2211, but no changes in the Agreements themselves. The Bank should be clearly authorized to make long-term stabilization loans. I see no objection to that. It has the power now, but if the language of the agreement on the Bank is clarified in this respect, I will not object.

"As for the language restricting the operations of the Fund to short-term transactions, I am not in favor of it. The Fund is not going to be interested in making long-term loans, and it will not be necessary to limit it by amending the Agreement.

"While I see no objection to making the American Governor of the Fund and Bank the same person, I would not favor our insisting that other countries adopt this procedure as a condition precedent to our joining. I do not approve of putting the short and long-term operations in a single institution. The suggestion that the American representatives on the Fund and the Bank be under the supervision of an Interdepartmental Council or Committee (as suggested by the ABA and the Federal Reserve Board) is satisfactory to me. It would not be a bad idea."

According to Mr. Spence, up to noon today the conferees on BW had "not agreed on anything." Mr. Spence pointed out further that the BW agreements must be ratified by 65% of the voting power this year, or they will by their terms lapse. However, it would always be possible to get the date postponed by mutual consent.

The House Banking and Currency Committee this week obtained a rule on the bill for the reduction of the reserve ratio. This legislation is said to be urgent, because of the current war loan drive.

Also pressing for Congressional action before June 30 is the Reconstruction Finance Corporation subsidy bill.

E. S. Robinson Now With J. F. Reilly

J. F. Reilly & Co., 40 Exchange Place, New York City, announce that Edwin S. Robinson, formerly with J. Arthur Warner & Co., is now associated with them.

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Coleman Chairman of New York Stock Exch.

At the annual election of the New York Stock Exchange, held today, the following officers were elected:

John A. Coleman

Chairman of the Board of Governors: John A. Coleman, Adler, Coleman & Co.

Members of the Board of Governors; Harold C. Mayer, Bear, Stearns & Co.; Raymond Sprague, Raymond Sprague & Co.; Robert L. Stott, Wagner, Stott & Co.; Percy M. Stewart, Kuhn, Loeb & Co.; F. Edward Bosson, Putnam & Co., Hartford; Wm. Wymond Cabell. Branch, Cabell & Co., Richmond, for three years terms and Howard Butcher, Jr., Butcher & Sherrerd. Philadelphia, for a term of one year.

Two members of the Gratuity Fund for the term of three years: John Rutherfurd, at Foster, Brown & Co., and John K. Starkweather, Starkweather & Co.

Five members of the Nominating Committee for the term of one year: Sydney P. Bradshaw, Clark, Dodge & Co.; Joseph G. Osborne, Hayden, Stone & Co.; Robert Wilson, Fransioli & Wilson; Wm. J. Hammerslough, Lehman Bros.; and William J. Price, 3rd, Alex. Brown & Sons, Baltimore.

Pres. Truman Approves Change in Sec. Act

President Truman on May 15 signed legislation amending the Securities Act to permit exception from its provisions of security issues not exceeding $300,000.

To Refund Maturing Ctfs.

Announcement has been made by the Treasury Department of the refunding into a 13-month 0.90% note to mature on July 1, 1946, of certificates of indebtedness, amounting to $4,770,000,000, which mature June 1, states the Associated Press, Washington, May 10.

This procedure will be followed because another certificate to be offered in the Seventh War Loan drive will be dated June 1, 1945, and will mature on June 1, 1946.

The Treasury said that also on June 1, 1945, there has been called for redemption the 1½% bonds of the Home Owners' Loan Corporation in the amount of $754,904,000. The holders of these bonds will be offered the opportunity of exchanging them for the 0.90% note to be offered for the maturing certificates of indebtedness. The Treasury said the outstanding 2¾% bonds of 1945-47 in the amount of $1,214,000,000 can be called for redemption on Sept. 15, 1945, on four months' advance notice, and that this notice will be given before May 15.

New Phone Number for Morgan Stanley & Co.

Morgan Stanley & Co., Two Wall Street, New York City, members of the New York Stock Exchange, announce the change of their telephone number to REctor 2-2100.

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The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 161 Number 4386 New York, N. Y., Thursday, May 17, 1945 Price 60 Cents a Copy

The Financial Situation

At whatever risk of being misunderstood, we feel constrained to question what appears to be the popular attitude (and quite possibly, the official attitude) toward post-war dealing with the German people. What we shall have to say will have nothing to do with what the people of that country deserve. The matriculate among us will, despite all the hullabaloo (perhaps partly because of it), reserve judgment on the question of the extent of the inhumanities, or rather more perhaps on the question of the extent to which the German people were aware of these horrors—and accordingly in what degree were directly or indirectly responsible for them. We shall certainly make no plea for those guilty of such acts as these—although we must recognize the important distinction between what are sometimes rather loosely called "international crimes" or "war crimes" and deeds which, however dastardly according to our standards, are not for us to pass on or to punish.

Practical Results

But we are here primarily concerned not with such matters as these, but with the practical results of our policies toward German people. We have fought and won one war, so to speak, avowedly to put down a set of conditions which we feared would sooner or later collide with and seriously endanger our own country and its way of life. It would be a cruel fate, or in the terms of Franklin Roosevelt a ghastly jest, were we presently to be faced with another state of affairs on the continent of Europe resulting from our own acts which seemed to be fully as threatening to us and our system of living as Nazism ever seemed — quite possibly much more so. Such an outcome is a distinct possibility, however, and it is with precisely such an eventuality that we are here concerned.

(Continued on page 2200)

The Bretton Woods Proposals

By IVAN WRIGHT*

Professor of Economics, Brooklyn College

Dr. Wright Maintains (1) That Stabilization of Exchange Is Slow and Difficult Process and Cannot Be Accomplished by the Fund; (2) That the Fund Does Not Solve the Problem of the British Blocked Balances or the Sterling Area and (3) That the Fund Does Not Provide a Mechanism for Exchange Stabilization and Does Not Eliminate Exchange Controls. Concludes That Over-Extension of Foreign Loans, Whether by an International or Private Bank Have Same Dangers in Future as in the Past.

The objectives of the proposed Fund and the Bank are highly desirable, but there are good reasons for questioning whether these proposals, as set up, are the best ways to reach these objectives.

Dr. Ivan Wright

The Fund

The purposes of the Fund, in brief, are international monetary cooperation, expansion and balanced growth of international trade, exchange stability, the removal of restrictions on exchange, trade and services, and to bring about equilibrium of payments. These are indeed great and worthy purposes, and in order to accomplish all of these purposes, a great deal more than a stabilization fund will be required.

The Fund, however, is not to be used for the reconstruction and debt problems growing out of the present war. According to the plan the real services of the Fund will begin after reconstruction and stabilization take place. This raises the question as to the present need for the Fund, and as to just how large a sum will really be needed to accomplish the purposes of the Fund. Because of the many changes and developments which are sure to come about before the services of the Fund would be needed, it would seem wise to defer action until these developments have clarified the needs for the Fund. Moreover, the proposed Fund is vastly larger than any past experience with exchange stabilization and control indicates will ever be needed to carry out the purposes.

---

*A statement submitted by Dr. Wright to the House Banking and Currency Committee.

(Continued on page 2204)

Vinson Reports on Phase Two of War

War Mobilizer Lays Down Ten Basic Points in Waging War Against Japan. Although Some Reconversion Permitted, Military Requirements Will Require High War Production, High Taxes, Strong Price and Rationing Controls Until Complete Victory Is Achieved. Predicts Food Shortages and Severe Transportation Burdens.

Fred M. Vinson

Fred M. Vinson, Director of War Mobilization and Reconversion, has issued through the Office of War Information on May 10, a report to the President, entitled "The War, Phase Two." This document, according to Mr. Vinson, "is based on the best judgment in Government of the demands upon the nation for the war against Japan." The full text of the report follows:

1. The war against Japan probably will grow in severity over a prolonged period. Unconditional surrender of Japan, as of Germany, is our goal, and it is hardly likely that Japan will yield her home islands to occupation by our forces short of successful and complete invasion. Experience has shown that any effort to predict definitely the duration of war usually fails. All our effort toward war, and toward production, will be needed up to the last instant.

2. Demobilization of such men as the Army can spare will begin promptly. Because of shipping limitations, it will take about a year to complete the release of men eligible for discharge. The Navy does not plan to demobilize until Japan has been defeated.

3. As a result of lessening pressure on the European war front, cuts in war production began some time ago. During the next six months, war production cuts will be of the order of 10 to 15% of the current rate.

The Navy's small production cuts have been already scheduled. Greater cuts may be expected during the first six months of 1946, after the long pipe lines to supply the war in the Far East have been filled. Even then, munitions production in the first six months of 1946 will maintain a level not far from two-thirds of that previously required by the two-front war. In addition to our own needs, we must continue to send lend-lease war essentials to our Allies who are fighting with us against Japan.

4. High production still required for the Japanese war will require that a great part of those now employed in war production stay on the job. The total number of persons unemployed, many of whom will be only temporarily out of work between jobs, probably should not exceed more than 2 to 2½ million persons at the end of the next 12 months, as compared with a present total of about one million. There will be severe local unemployment problems, side by side with actual manpower shortages in areas where war production remains at a high peak. Strict manpower controls will continue to be necessary, especially in such areas. Nationally the situation should not be acute.

5. Subject to the over-riding priority of war production, some reconversion will take place immediately. The pace will be accelerated as the requirements of war permit. Reconversion planning must proceed vigorously, but we cannot have complete reconversion until final victory.

6. Military requirements for food will not decrease, and relief needs will be greater. Domestic demand for food will continue at high levels. As a result, no early general improvement in the civilian food supply situation can be expected. Food production must be continued at record levels.

7. The structure of many government controls over industry must be maintained to insure war and essential civilian production. Within this structure, restrictions will be relaxed gradually wherever it is possible to do this without damage to the war effort. Transportation restrictions, for example, must continue in full force, but generally speaking, materials and manpower no longer pre-empted for war will be freed for civilian production.

8. One major home-front battle that will continue to demand strongest public support is that against inflation and rising prices. Restraint in buying, observance of price control and rationing reg-

(Continued on page 2202)

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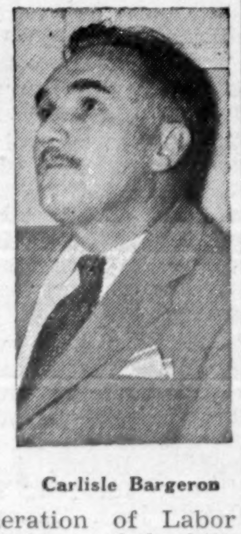
From Washington Ahead of the News

By CARLISLE BARGERON

When the thinkers say that the world has moved on, that we have got to think in different terms, they are apparently right on at least one thing, and that is, that we have moved definitely away from the tariff as a political issue in this country. We can remember when the Democratic party, the advertised party of the plain people, were professedly against a high tariff, and the Republicans representing the selfish interests, were in favor of it. And strangely enough, when the Democrats in Congress would be fighting a tariff bill and citing their concern for the working-man in support of their position, some Republican would pull a letter out of his pocket from the American Federation of Labor saying it was in favor of the bill. It is also strange that, in those days, the Democrats had high tariff men among them and were usually fearful that the bill would not be passed, fearful even to the extent, as they did in the case of the much maligned Hawley-Smoot bill, of giving the Republicans enough votes to pass it, but at the same time holding on to their "issue." The late Senator Pat Harrison, up until a few years before his death, was denouncing the Republicans for passing the Hawley-Smoot bill. Yet they could not possibly have passed it without his assistance.



Carlisle Bargeron

But those days are over. The tariff is a lost issue. There seems not any doubt that the Administration will get its request to lower tariffs by an additional 25%, meaning a total of 75%, by way of reciprocal trading.

This was Cordell Hull's great love, reciprocal treaties. We have written before that it would be interesting to know how much this man's burning ambition to relieve trade barriers and his reciprocal negotiations, followed by Hitler's bursting them up, incurring Hull's ire and subsequent economic sanctions—as to how much all this had to do with the beginning of World War II. Certainly no one thing was responsible. Just as certain, however, is the fact that the burning question of how reciprocal trade treaties, meaning a lowering of American tariffs, will work out, has never had a fair trial. Practically all

(Continued on page 2201)

Now for a Tax Program!

"Several immediate changes in the operation of taxes affecting business are recommended. These changes, for the most part do not affect ultimate tax liabilities. They are designed to facilitate reconversion by improving the cash position of business enterprises and by relieving smaller businesses from undue burdens. Specifically, the recommended changes are as follows:

"1. Increase the excess-profits tax specific exemption from $10,000 to $25,000, effective beginning with the tax year 1946.

"2. Provide that the post-war credit of 10% of the excess-profits tax be taken currently with respect to tax liabilities of 1944 and subsequent years.

"3. Advance to Jan. 1, 1946, the maturity date of outstanding post-war refund bonds.

"4. Provide for speed-up of refunds resulting from carry-backs of net operating losses and of unused excess-profits credits.

"5. Provide for speed-up of refunds resulting from the recomputation of deductions for amortization of emergency facilities."—Report of the Joint Committee on Internal Revenue Taxation to the Ways and Means Committee of the House and the Finance Committee of the Senate.

These recommendations are said to have the approval of the Treasury Department and tentatively, at least, of the President. They deserve support.

But when do we see a real post-war tax program, to which these suggestions could hardly constitute even a preface.

Wallace Gives Commerce Dept. 3 Point System

With the official proclamation of V-E Day, Secretary Wallace has instructed the agencies of the Department of Commerce to be guided by the following 3-point policy statement:

"First, although V-E Day heralds the achievement of a major objective of the United Nations in their struggle for the preservation of democracy and the restoration of international peace—for which we should all give thanks—it is not to be regarded as an occasion for the relaxation of effort and the united determination to pursue the war to complete and total victory. We must not lose sight of the tremendous task which still faces us in bringing the last of the aggressor nations, Japan, to her knees.

"Second, the agencies of the Department of Commerce, while continuing their contributions to the successful prosecution of the war, are to take positive steps to provide business and industry with its many aids and services essential in meeting the immediate problems of reconversion.

"During the period between V-E and V-J Day the Government agencies which have the responsibility can facilitate the reconversion process by releasing facilities for civilian production that are interrelated and complementary; and by meeting the more important, before the less important, civilian requirements. It will also be necessary to make adequate provision for dealing with transitional unemployment. In these matters and particularly with respect to the effect of transitional policy and program on the long-run post-war economy, the Department will provide general economic counsel as well as specific assistance to business.

"Third, the agencies of the Department will begin at once to plan for such organizational adjustments as may be necessary most effectively to resume the full complement of peacetime services to business. To the extent consistent with its continuing war responsibilities, the Department will extend its cooperation with the business community to the end that a high level of production and distribution will assure new and profitable channels for investment, and a high employment on a sustained basis in the post V-J period. In short, the Department must prepare, in cooperation with business, to assist in preventing post-war economic collapse while at the same time we maintain our free enterprise market economy."

Truman Commends OPA Would Extend Powers

Stepping into a Congressional controversy of considerable warmth over the policies of the Office of Price Administration, President Truman has strongly defended the agency with a word of "deserved commendation" and expressed the hope that price control authority would be continued another year, according to the Associated Press from Washington, May 1.

The President's statement, issued after OPA Administrator Chester Bowles had conferred with him, said in part:

"Had it not been for OPA and the stabilization program we should have had runaway inflation. In other countries, runaway inflation has sown the seeds of tyranny and disorder. In this country, we have kept inflation under control. OPA has helped to make it possible for our fighting men to come to a stable and prosperous economy.

"Our price control and stabilization program could not have been successful without a good law and good administration. Congress has given us a good law and I hope Congress will extend that law for at least another year.

"OPA has been well administered by Mr. Chester Bowles. Its thousands of employees and hundreds of thousands of volunteer workers in local price and rationing boards have worked faithfully for long hours doing difficult jobs. Many able men from business and other walks of life have patriotically contributed their services to OPA, often at a distinct financial sacrifice.

"Irresponsible criticism should not be permitted to break down the confidence of the people in an essential wartime program and a hard working wartime agency."

Legislation extending the price control and stabilization program is now pending in Congress.

Johnston Again Pres. Of U. S. Chamber

Directors of the Chamber of Commerce of the United States have reelected Eric Johnston

Eric A. Johnston

President of the chamber for a fourth term, according to a report to the New York "Times" from Washington, May 4, which continued that two new Vice Presidents elected were: Joseph W. Evans of Evans & Co., Houston, Tex., and E. H. Sexauer, President, George P. Sexauer & Son, Brookings, S. D.

Approve Reconversion, Veteran Aid Programs

Problems of reconversion, with special reference to veterans, are uppermost in the minds of the Governors of the 42 States whose legislative bodies convened in January, the Bureau of the Census, Department of Commerce, said on May 14 in a report entitled "Governors' General Messages to State Legislatures in January, 1945."

In 84 recommendations, 34 Governors stressed the need of State measures to supplement the Federal veterans' program. Among the proposals are over-all veteran' service offices, tax exemption, hospitalization, employment, loan privileges, preference provisions, education, war memorials, and workmen's compensation.

The report shows 129 proposals by 36 Governors in the field of public welfare, including administration, care of the handicapped, unemployment compensation, old age assistance, and child welfare.

An equal number of Governors offered 100 proposals on public education, primarily involving adjustment of school systems to returning veterans.

Expansion and correction of health services were advocated by Governors of 21 States, with Governor Warren of California advocating prepaid medical care through State-wide compulsory insurance.

Governors of 26 States, cognizant of the Federal apportionment to States, on a matching basis, of $1,500,000,000, for road and bridge construction, urged consideration of farm-to-market roads, school bus routes, and mail routes in the highway-planning programs. In all, Governors of 34 States made 88 road and public building proposals, which included office buildings, schools, armories, hospitals, war memorials, and State capitols.

Thailand Breaks With Nazis

In suspending diplomatic privileges of all German agents and ordering police surveillance of all Germans in that country, the Japanese controlled Thailand Government broke off all diplomatic relations with Germany on May 11, according to a Bangkok dispatch and announced by the Japanese Domei news agency.

The State of Trade

Much has been heard in recent months about reconversion of industry following the end of hostilities in Europe. The advent of V-E Day on May 8, last, has finally afforded the country an opportunity of restoring our civilian economy on a scale consistent with our present and most pressing task of defeating Japan.

In the past some fear has been expressed over the possible reluctance of Government officials to lift regulations and controls when the time was opportune to do so. These fears, however, have been to a degree dispelled with the publication of Director of War Mobilization and Reconversion Fred M. Vinson's 19-page report. This document was submitted to President Truman on May 9, last, and bore the title "The War: Phase Two." In revealing its contents Mr. Vinson stated the report attempted to give a picture of the conditions under which the American people will live during the second phase of "the war against the forces of evil."

[Full text of Mr. Vinson's report is given in this issue, starting on first page.]

New Capital Flotations in April—The volume of corporate financing for the month of April aggregated $665,918,603, and with the exception of the October figures of 1944, which footed up $748,163,755, was the largest monthly total since May, 1930, when $927,376,218 was reported. The April total compares with $357,810,201 in March and $181,100,006 in April, 1944.

The financing for the month followed the trend of the previous 16 months, with the greater portion falling under the refunding column. Of the total for the month, $111,075,401, or 16.68%, was for new money purposes and $554,843,202, or 83.32% for refunding.

Railroad issues aggregated $362,450,000, or 56% of the month's total. This is the largest monthly total, according to our records, which date back to January, 1919, and was only approached by the March, 1936, total of $244,762,000. Utility financing aggregated $172,996,000, or 25% of the month's total. Other industrial and manufacturing accounted for $68,043,307, or 10%, and all other categories footed up $62,429,296, or 9%.

Private placements for April comprised 13 separate issues aggregating $117,900,000, or 17.7% of the total. This compares with $157,275,000, or 44% of the March total; $29,600,000, or 15.7%, so placed in February, and $56,414,000, or 17.9% of the total recorded for January. (Full details of the month's financing will appear in the Monday issue of the "Chronicle.")

Steel Industry—The effects of the unconditional surrender of Germany last week were immediate in the steel industry as definite cutbacks in war programs made their appearance. Steel order volume dropped sharply from the high level which has been maintained since the first of the year, and the most recent weekly total of steel orders reached the lowest point for 1945, according to "The Iron Age," in its current review of the steel trade.

April order volume was only slightly lower than March, and production and shipments for that month held up well despite the coal strike, labor difficulties, and manpower shortages. Consumer inventories in the week attracted close attention with the altered war situation, which may influence considerably order volume in the months immediately ahead.

Midweek found the steel mills expectantly awaiting signs of a flood of cancellations. The cancellation volume to date has held to a rather even keel, with some companies orders still a trifle ahead of shipments. Cutbacks on war programs already made, responsible sources indicate, will begin to definitely show up on mill schedules within the next two or three weeks.

Cancellations already received by steel mills were small in volume, and for the most part involved armor plate for tanks, shell steel and some sheets for landing mats. Shell steel directive for June and July have been cut 20%, but reliable estimates of actual shell steel cancellations yet to come run from 40% to 50%.

Slashes in the heavy steel program both in Cincinnati and St. Louis the past week approximate about 50%. About the only ammunition programs which this week were holding up were those involving rocket and bomb production. These were still being increased.

The heavy artillery ammunition cutbacks, according to the trade magazine, are regarded by the industry as only the start of cancellations which will sweep order books in the next 30 or 60 days. Operating rates may drop from present levels to as low as 70% to 85% for individual producers. However, such a decline in raw steel output will only be temporary. Civilian demand for steel is expected to restore output to near capacity.

Within the next three months steel cutbacks averaging 2,800,000 tons for the most part will be diverted to such essential civilian activity as railroads and farm implements. The automobile industry, however, is expected to share in the residual after the most essential civilian needs are taken care of. In subsequent quarters steel cutbacks are expected to average as much as 3,000,000 tons of steel every three months, with the possibility of the tonnage increasing as cutbacks grow, states the magazine.

The steel industry the past week was still awaiting the price announcement expected to be put out by OPA in the near future, "The Iron Age" reported. The adjustment, when it comes, adds the magazine, will enable steel companies to obtain relief from losses now being incurred in many steel items and also to compensate for the certainty that cancellations will remove profitable business from steel company books.

The American Iron and Steel Institute announced last Tuesday that the operating rate of steel companies (including 94% of the industry) will be 95.3% of capacity for the week beginning May 14, compared with 95.1% one week ago. This week's operating rate represents an increase of 0.2 of a point from last week's rate, and is equivalent to 1,745,500 net tons of steel ingots and castings, compared to 1,741,900 net tons last week and 1,777,000 tons one year ago.

Business Failures Continue Low

Although showing a slight increase in the week ending May 3, commercial and industrial failures continued at half their number in the comparable week of 1944, Dun & Bradstreet, Inc., reports. Concerns failing numbered 23 against 20 in the previous week and 42 in the comparable week of last year. Both large and small failures were more numerous than a week ago. While large failures involving liabilities of $5,000 or more numbered 12 this week as compared with 11 last week, they were less than half the 28 in the corresponding week of 1944. Small failures, however,

(Continued on page 2207)

Say G. I.'s Should Not Rush to Borrow for Homes

Savings and Loan Association Speakers Point Out That Government Guaranteeing of Loans Does Not Cease Until Two Years After Final Victory.

The G. I. home loan program will expand rapidly in the post V-E period but veterans should recall that they have until two years after the whole war is over, and not be in too big a hurry to exercise their rights to the Veterans' Administration guarantee.

This was the consensus of speakers at the annual meeting on May 9 in Garden City of Group VI of the New York State League of Savings and Loan Associations. W. M. Brock, Dayton, Ohio, President of the United States Savings and Loan League, whose member savings and loan institutions have already closed 4,000 veterans' loans, and Charles M. Potter, chief of the Home Loan Division, Veterans' Administration, were the speakers.

Held at the Garden City Hotel, the meeting comprised representatives of a majority of the 48 savings and loan associations in Kings, Queens, Nassau and Suffolk Counties, with $125,000,000 in assets. Joseph Merck, Secretary-Vice-President of the Flatbush Federal Savings and Loan Association of Brooklyn, was reelected President of the group.

Mr. Brock said that two factors which are foreshadowed by V-E Day are likely to make possible within the next few months more elaborate proof that the present legislation to assist veterans is sufficient to do the job. One is the anticipated relaxation of home building restrictions which will give the veterans a greater opportunity to acquire new homes than has been possible under the limited veterans' priorities of the H-3 program. While there is now no definite date set for relaxation it is confidently anticipated, he said.

"The resumption of home building and the freeing of the small builder from much of the redtape he now must untie to build any houses will attack at the roots the problems of inflated prices of existing houses," he said. "The premium which sellers are able to get for properties because of scarcity of living quarters in war-crowded areas these days will shortly vanish when some new living quarters begin to be built. This will mean that the veteran who would like to buy now one of the already built houses will not be held back from using the guarantee, since the house he is buying will be much less likely to be above reasonable normal value in price."

The Veterans' Administration guarantee is withheld from loans made to purchase homes at prices considered unsound.

The second factor which Mr. Brock felt to be slated to give the home loan program a push during the rest of 1945 is the fact that the group of men who will be demobilized without Pacific fighting, at least one out of five according to the present plan, will not only double and triple the group of veterans eligible to apply for the loans, but also comprise many more who need and want homes than did the previously discharged group. So many of those discharged up to now have been older men with already established homes, he pointed out.

Mr. Potter said that eventually between 12,000,000 and 15,000,000 veterans will be eligible for the guarantee and that the challenge to give them this opportunity cannot be fully met if those having any part in the transaction of a veteran's home purchase think only of today's profit and advantage.

"These men represent the greatest potential wealth of the nation in energy, ability and industry and they must not become the victims of high-pressure selling of speculators' properties," said Mr. Potter.

Emphasizing the fact that the returning service men have a period of time before the guarantee expires to deliberate and make a good home ownership transaction for themselves, Mr. Potter said he expected the element of obsolescence in houses to be as great in the next ten years as it has been in the past 50 years. The principal factors which will hasten obsolescence of today's houses are the contemplated installation of new appointments and improved methods of construction.

He told the savings and loan institutions that in cases where the veteran is buying a home with one of their loans and has enough for a down payment without using his guarantee from the Veterans Administration, he should be discouraged from using it, but should finance his home without it, and save the privilege of the guarantee for some future use.

"There is no hurry about grabbing his rights to a guaranteed loan in view of the fact that the statute at the present time allows him to have up until two years after the war is finally over to take advantage of this benefit, rather than just two years after he is released from the service," Mr. Potter said.

Congressional Group Returns From Survey Of German Atrocities

A Congressional delegation which has just returned from a tour of Nazi concentration camps and battle areas advocated to War Department heads that harsh terms be exacted from the Germans to make them pay a just price for their atrocities and total disregard for the rights and freedom of others, the Associated Press reports from Washington, May 9.

Senator Wherry (R.-Neb.) said that the stories of German excesses which have reached this country have not been in the least exaggerated. Said the Senator, "We saw the emaciated bodies. We saw crematories. We saw the hooks on the wall."

A public announcement of the report which the group gave Secretary of War Stimson and General of the Army George C. Marshall, Army Chief of Staff, has not as yet been made, but several besides Sen. Wherry had no hesitancy in saying that the Germans should be subjected to terms as harsh as their ruthlessness warranted.

President Truman Signs Indep. Appropriations Bill

President Truman has signed a $3,150,000,000 independent appropriations bill which carries a rider authorizing the Government to accept a new mural for the Kennebunkport, Me., post office, according to the Associated Press from Washington, May 3. The present mural has long been subjected to disparaging criticism, and Kennebunkport citizens have raised $1,011 for a new one.

Labor Department Reports on Living in Large Cities

Retail prices for the goods and services important in the city family's budget declined slightly (0.1%) on the average between mid-February and mid-March, Secretary of Labor Frances Perkins reported. "Lower food prices, due chiefly to the large seasonal decrease in egg prices, more than offset advances for clothing, housefurnishings and some of the services," she announced.

"The Bureau of Labor Statistics cost of living index for March 15, 1945, is 126.8% of the 1935-39 average, and is 2.4% above the level of a year ago.

"The average cost for all foods other than eggs rose 0.1%; including eggs, average food costs declined 0.4% over the month. All of the major groups except eggs were higher in price or remained unchanged. Meats rose 0.1% on the average, principally because of increases in prices of lamb and chicken. The scarcity of meats in retail stores, however, was more acute than in preceding months; over 40% of the stores surveyed had no beef and more than 60% no pork or veal when Bureau of Labor Statistics field agents visited stores to collect March prices.

"The average cost for fresh fruits and vegetables rose 0.4% over the month with seasonally higher prices for apples, oranges, sweetpotatoes, and lettuce. White potato prices advanced with the appearance of new potatoes in some cities and as ceilings on the Southern Florida crop were adjusted upward late in February to reflect the historical differential on potatoes from that section.

"Clotning prices moved up 0.3% on the average over the month, reflecting the continuing shortages of low-cost apparel. Stocks of wool clothing in retail stores in March were reported to the Bureau's agents to be at the lowest level since the beginning of the war, as the major portion of wool yarns was earmarked for military orders. An informal policy of limiting sales of scarce items of clothing has been instituted by many retail stores. There were some decreases reported for the limited quantities of cotton clothing produced under WPB-OPA programs. Of the goods produced under this program, men's percale dress shirts were lower in price in practically all of the cities surveyed; men's shorts and women's percale housedresses were lower in a few cities.

"Housefurnishings costs advanced 0.3% between Feb. 15 and March 15. Prices of pre-war quality living room suites and sofa beds, now being produced, were generally higher than when production was suspended in 1942 because of the scarcity of lower-priced coverings. Shortages were reported for lower-priced bedroom and dining room furniture, dinnerware, wool rugs, sheets and towels.

"Rents remained stable on the average, but the housing shortage continues to be acute in many cities.

"Average fuel, electricity and ice charges showed no change over the month ending March 15.

"The cost of miscellaneous goods and services increased 0.2% in the month ending March 15. Costs of medical care rose in some cities as increases in fees were reported by doctors, dentists, optometrists, and hospitals. Prices for pipe tobacco were higher, and lower-priced cigars became generally unavailable."

Army Discloses Point System for Demobilization

For the United States, one of the immediate results of V-E Day will be the release of approximately 2,000,000 men from the Army, according to estimates released from Washington and reported by the Associated Press on May 5. This will be offset by an estimated 600,000 in new inductions, which are to continue.

A point system for the release of enlisted personnel has been set up on the basis of service credit, overseas duty, participation in combat, and parenthood, 85 points having been temporarily set as the minimum requisite for the discharge of ground, air and service forces.

The War Department has released the following as the basis on which total point scores will be figured, according to the Associated Press, Washington, May 10:

1. Service Credit—One point for each month of Army service since Sept. 16, 1940. This is the same as twelve points per year.

2. Overseas Credit—One point for each month served overseas since Sept. 16, 1940. This, too, is the same as twelve points per year.

3. Combat Credit — Five points for the first and each additional award of the following for service performed since Sept. 16, 1940:

A. Distinguished Service Cross, Legion of Merit, Silver Star, Distinguished Flying Cross, Soldiers Medal, Bronze Star Medal, Air Medal, Purple Heart, and Bronze Service Stars (battle participation stars).

B. Credit will also be given for the following decorations awarded by the Navy Department: Navy Cross, Distinguished Service Medal, Legion of Merit, Silver Star Medal, Distinguished Flying Cross, Navy and Marine Corps Medal, Bronze Star Medal, Air Medal and Purple Heart Medal.

C. Credit will be given for these awards and decorations of a foreign country which may be accepted and won under the War Department regulations in effect when the readjustment regulations are placed in operation.

4. Parenthood Credit — Twelve points for each child under 18 years up to a limit of three children.

The men with the highest point totals will become eligible for release from the Army, except where considerations of military necessity make it impossible to let them go until qualified replacements can be obtained. This exception applies particularly to men possessing special skills required in the war against Japan and to men in units that will have to move into the Pacific so swiftly that no opportunity is provided for replacing men with high scores until they reach the new theatre.

Only points scored as of Saturday, May 12, 1945, will be taken into consideration in determining eligibility for release. The only credits which will be given after that date will be for decorations and battle participation stars earned prior thereto. Likewise additional credit will be given for children born on or before May 12, but whose birth was not known to the father at the time the scores were prepared.

Enlisted personnel who desire to remain in the service and have a satisfactory record will be retained.

Stricter Plan for Officers

The method to be used in releasing officers is described as "tougher" by the War Department than for enlisted personnel because officers have received additional training, have heavier responsibilities, and have developed specialized skills and leadership capacity. The must be handled more on an individual than a group basis. Therefore, the War Department statement continues, although officers will have an adjusted service rating score based on the same multiples as for enlisted personnel, this factor will be secondary to the prime requirement of military necessity.

The expression "military necessity" as applied to officers means consideration must be given on an individual basis to the relative utility of an officer, need for his specialty, and the availability of assignments which will make the best use of his capabilities. Officers with lengthly overseas service and long and hazardous service in combat will receive special consideration for release. An officer's desire to remain in the service at this time will be another factor to get consideration.

The return of officers to the United States will be controlled by theatre commanders, who will use the foregoing principles in making their decisions. However, I wish to emphasize that the determination of whether or not an officer is to be released from the Army, as opposed to simply being returned to the United States, will be made by the commanding generals of the Army ground, air and service forces acting under the general supervision of the War Department.

In other words, if an officer is declared surplus by his theatre commander, he may still be retained if he is needed by any unit of the AAF, AGF or ASF.

President's Signature Extends Draft Act

President Truman on May 9 signed the bill extending the military draft a year from May 15 or until the war has ended, and said that he did so reluctantly because of the "added restrictions on the War and Navy Departments in their management of the fighting forces," it was made known in Associated Press dispatches from Washington on May 9, which gave the President's statement as follows:

"I am reluctantly giving my approval to this legislation. I do not wish this approval to be interpreted as expressing my concurrence in Section 2 of the bill, which places added restrictions on the War and Navy Departments in their management of the fighting forces. I signed the legislation only because the immediate extension of the Selective Service Act is of compelling necessity in the continuance of military operations against Japan."

The same dispatch also added the following comments about the bill:

The War and Navy Departments opposed the restriction on use of 18-year-olds when the bill was before the House and Senate.

An end of the war with Japan would automatically terminate the draft authority. Should the war in the Pacific not be over by May 15, 1946, a further extension by Congress would be necessary.

Specifically, the legislation bans the use in combat of inductees under the age of 19, until they have been trained at least six months. However, it does not prevent the training of men abroad, regardless of their age, nor assignment of 18-year-old men to training aboard combat vessels. It does not require the release of men now in combat units even though they may not have had six months' training, but would prevent the assignment of new men to such units before the six-months training period expires.

The restriction grew out of complaints in Congress that some inductees had been sent against the enemy after only relatively brief training.

The Financial Situation

(Continued from first page)

A good deal that is now being said about how we intend to deal with the German people, and, in general, the current emotional reaction toward them, can easily be understood, and were it not quite obviously more than an impulsive reaction to our recent experiences, there would probably be no need for concern. The fact is, however, that for a long while past official propaganda has apparently been very carefully preparing the public and setting the stage for courses of action which we may very seriously regret in the decades to come. It may be that those who control official propaganda both here and in Great Britain have had their good judgment somewhat impaired by the emotional strains of the past few years—or it could be that they have sensed in advance the emotional reactions of the rank and file of the peoples of the two countries and have prepared to be on the popular side of things. However all that may be, certainly a good many of the utterances of so-called statesmen in both countries, some of them men of rather unusual capacities, have not done their foresight great credit. Recent disclosures of atrocities very thoroughly exploited have lent an element of real danger to the situation.

"Re-Education"

Even such men as Anthony Eden and some of our intellectual leaders have talked loosely in the past about "reeducation" of the Germans. These poor, benighted men and women must be "untaught" the Nazi doctrines and led to see "the truth"—as we believe it to be—and much more of the same sort. The popular word for it nowadays is "de-Nazification." This process is one which much be given effect without delay and without hesitation, so we are repeatedly told. According to those who talk in this way — and their name is legion—there must be left in Germany a few years hence not one soul who believes in any of the doctrines enunciated by Adolf Hitler and his party. The country must be de-Nazified, apparently about as soldiers are de-loused in areas where typhus is prevalent or feared.

It is extremely difficult to discuss such conceptions as these. When one has rid them of their figures of speech and passed from analogy to cold reasoning, one finds such terms so devoid of specific meaning that one simply must ask what the words really mean. There are several possibilities. Nazism could conceivably be exterminated by complete elimination of all Nazis of the present and the future—much as communistic Russia ridded the country of the aristocracy, the bourgeoisie—and the Kulaks! That technique is well known. There is good reason to believe that it was well enough understood in Nazi Germany. But at least two question at once arise. One of them is this: are we here in this country and are the British people — despite all the horrors the latter have been obliged to undergo since 1940, and all the concentration camps recently exposed within Germany — ready to proceed in the Russian way?

The second question is this—and it should be most carefully pondered: could the results achieved in Russia have been attained by some foreign power imposing them from without? It is one thing for a Lenin, a Mussolini, or a Hitler to arise within a country under certain conditions and succeed in imposing such drastic changes in the habits, and even the thought of his fellow countrymen; it is quite another for some force from without to undertake to do precisely the same thing. We have the German people at our mercy, and granted that we are prepared to exert the force at our command with sufficient rigor and ruthlessness we can do virtually what we will with them—except make them like it or approve our policies and accept our ideas.

Communism?

Again, we must not for a moment take it for granted that with the extermination of Nazism, were we to accomplish it, the situation within Germany would be to our liking. It is easily possible that the very process of exterminating what we now call Nazism would give rise to some other system equally as obnoxious to the American people. Such a system could, of course, be Nazism, under some other name, or more probable, Communism of the Russian type. Is there any good reason to feel certain that a thorough-going communization of Germany would not leave her military clique in places of great influence with the result that the country would be as much inclined to aggression as ever? There was a time when many believed that Communism and Imperialism in the 19th century sense were more or less incompatible, but those who so believed have had to modify their views considerably in light of the recent behavior of Russia. A communist Germany closely allied with Russia could be, and probably would be more of a hazard to the remainder of the world that even Hitler was.

The process of de-Nazification is thus seen not to be nearly so simple as many seem to suppose. Those who have been screaming day and night for a "hard peace," and who appear to suffer from perpetual nightmare lest we impose a "soft peace," would do well to give all these matters much more careful thought than they have devoted to them in the past. They would do well to do so quite without regard for the feelings of the Germans, but for the sake of their own future welfare and happiness.

War Risk Riders of Life Insurance Policies

Henry W. Proffitt, Chairman of the Savings Banks Life Insurance Fund, announced on May 9 that effective immediately, war risk riders on Savings Bank Life Insurance policies will be used only on policies issued to males from ages 15 to 33 inclusive.

War risk riders have previously been attached to all Savings Bank Life Insurance policies, male or female, issued at age 10 or over.

"This step to liberalize Savings Bank Life Insurance coverage on war risks may now safely be taken," said Mr. Proffitt, "in view of the cessation of hostilities in Europe. At the close of the war with Japan, it is expected that the restrictions of war riders may be removed from all Savings Bank Life Insurance policies, including those that have previously been issued with such riders attached."

Issues of Savings Bank Life Insurance policies are currently at the highest level since the inauguration of the system in 1939. Total insurance in force is now close to $50,000,000. Insurance issued in the month of April showed a 78% increase over April of 1944. "The recent increase in the issues of Savings Bank Life Insurance", said Mr. Proffitt, "is due in good part to the publicity resulting from the bill which was introduced in the last session of the Legislature which would have permitted people in this State to buy up to $7,500 of Savings Bank Life Insurance."

U. S. Participation In Food Pool Approved

Legislation which would make the United States a member of the Food and Agriculture Organization of the United Nations has been passed by the House, 291 to 25, and sent to the Senate, according to United Press advices from Washington, April 30. The measure is designed to permit U. S. participation in the international food organization outlined at Hot Springs, Va., in 1943, the United Press states, adding that such participation would put the F. A. O. into operation.

Rep. Clifford R. Hope (R., Kan.) according to the report, said that the annual cost of the United States, estimated at $625,000 for the first year and not more than $1,200,000 a year thereafter, would be no more than the cost of a B-29 Superfortress.

Sponsors of the measure said it would authorize an international exchange of ideas on production and distribution of agricultural products, and pointed out its importance in contributing to future peace.

Passage of the bill was urged by War Food Administrator Marvin Jones and Agriculture Secretary Claude Wickard when they appeared before the House Foreign Affairs Committee, the Associated Press reported from Washington, on April 12.

Nelson Urges Industrialization of China

Donald M. Nelson, the late President Roosevelt's representative on international economic matters, who returned recently from a "thorough survey" of post-war potentialities in China, proposes a huge industrialization program for that country, to be backed by American capital, the Associated Press in New York states, May 4, and continues:

Generalissimo Chiang Kai-shek and other leaders in China, Mr. Nelson says in the current issue of "Collier's Magazine," have agreed with him on the need to develop the textile and "simple export" industries, and are favorable to the idea of American joint ownership and operation until China gets started. Mr. Nelson is convinced that such American aid would create a vast market for United States capital goods.

The greatest of all plans for China, as outlined by Mr. Nelson, is the damming of the Yangtze Kiang, with a power generating capacity twice as large as the present total of TVA, Grand Coulee, Boulder and Bonneville Dams.

Mr. Nelson warns against "imperialistic-minded" aid to China. He asserts "we shall help China . . . because it is a sensible business policy."

"When Japan is defeated, the present great organizing force in the Orient will be eliminated," Mr. Nelson points out. "A commercial vacuum will be left, which must either be filled by China, or chaos will follow."

Mr. Nelson sets 60 or 70% as the amount of American capital that might be invested in new Chinese industries, "with an agreement that, over a period of say ten years, part of the American interest would be purchased by the Chinese until they had control of the properties."

He suggests that a committee of American business men be sent to China to determine its productive possibilities and markets.

"The problem is plain," as Mr. Nelson sees it. "China cannot be a great power and a weak nation. Asia can never settle down if China remains a problem . . . it is not China's problem solely, it is our own. We also are going to have to live in a post-war world."

Tariff Legislation Hearings Continue

The United States Chamber of Commerce has expressed to the House Ways and Means Committee the unanimous approval of its directors of legislation to extend the reciprocal trade act with an amendment giving the President broad new authority to cut duties in trade agreements with other nations, an Associated Press report from Washington advises on May 9.

A representative of the Congress of Industrial Organizations also told the committee of the organization's endorsement of the bill.

On the other side of the fence appeared Matthew Woll, Vice-President of the American Federation of Labor, who asked Congress to put an end to the reciprocal trade program, saying it has "failed utterly," the Washington Associated Press statement of May 7 indicates. Appearing as president of the AFL's tariff group, the American Wage Earners Protective Conference, Mr. Woll declared that the program had done "little or nothing to provide jobs for the millions" unable to find jobs before the war, and had failed to prevent war.

Also expressing disapproval of further tariff cuts in reciprocal trade agreements with other nations, appeared representatives of the American Paper and Pulp Association and of the Tanners' Council of America.

(Earlier reference to the hearings on the tariff bill was made in our issues of May 3, page 1976, and of May 10, page 2093.)

Davis to Try to Hold Rigid Wage-Price Line

Stating that stabilization of the national economy is necessary more than ever, Economic Stabilizer William H. Davis asserts that it is his intention to hold the wage and price line rigidly "through the squall" resulting from Germany's collapse, according to Associated Press advices from Washington, May 4, which add that he has expressed the opinion that the problem becomes greater with the surrender of the Nazis and concentration on the Pacific war.

Davis said that as reconversion to civilian production is completed, there must be an increase of 30 to 40% in civilian purchasing power, in order to maintain the present high levels of wartime economy.

This he would accomplish preferably by increasing wage rates, after the arsenals of war are converted to peacetime production, and controls are off, according to Associated Pres..

Davis indicated he did not expect the Government controls to operate in that future period, but that collective bargaining would bring it about.

"We will have a better chance to do it then, and there is this much about it—if we don't we're all sunk."

He said relations between management and labor had become more "rational" since the start of the war, and that collective bargaining would succeed. Detroit, center of munitions manufacturing and nucleus of peacetime automobile production, probably will be "the battleground" for a test of this theory, he said.

In order to add another 50 or 60 billion dollars, representing an increase of about 30% in civilian purchasing power needed to absorb the "waste" production of war, Davis would concentrate on the basic human needs—food, clothing and shelter. He would increase living standards by one-third.

The Associated Press stated that Davis did not forsee any widespread unemployment in the wake of European victory.

Insurance Premium Cut for Banks

Bankers throughout the nation will profit to the tune of $1,500,000 a year through another reduction in premium rates they pay for bankers blanket bonds resulting from negotiations recently concluded by the Insurance and Protective Committee of the American Bankers Association and the surety companies' Towner Rating Bureau. This reduction, which went into effect May 1, is the seventh substantial premium cut obtained since 1936, and brings the annual insurance premium savings for the banks through insurance premium cuts up to a total of $10,600,000 a year.

The May issue of the ABA "Protective Bulletin" states that effective May 1 the premiums charged for No. 2 and No. 8 Revised Bankers Blanket Bonds, exclusive of optional coverages, are reduced 10%, and that the cost of the No. 24 Bond without optional coverages is reduced 20%, provided the insured bank accepts a rider which excludes losses through shortages in tellers' cash due to error. The optional coverages are misplacement and forgery clauses.

House Group Criticizes Food Program and Recommends Plan to Kill Black Markets

A House investigating committee, set up six weeks ago, has made its initial report in which it sharply criticizes many phases of the Government's food program, and recommends a co-ordinated policy from grower to consumer to break up black markets and relieve shortages, the Associated Press reported from Washington, May 2. The committee's report is said to have stated that the meat situation in the country today was caused when OPA and other agencies tried to control meat prices by starting pricing programs at the retail level and trying to work backward, with the result that "all phases of distribution became dislocated."

The committee's recommendations, according to the Associated Press, were:

1. That food production be given top priority of the War Production Board, including adequate man power and machinery for farms.
2. That President Truman be urged to immediately consider the problem of needed co-ordination of the entire food program. (Republican members added a demand for a single food authority instead of the several Government agencies now concerned with food.)
3. That pricing be revised to assure profit margins to growers, producers and distributors, with special incentives to cattle feeders.
4. That the support price of hogs be boosted from $13 to $13.50 a hundred pounds, on a Chicago basis.
5. That special inducement programs be framed to ward off a developing threat of black markets in eggs and sugar.

Justice Jackson Heads War Crime Counsel

President Truman has announced his appointment of Associate Justice Robert H. Jackson of the Supreme Court as chief counsel of the United States in preparing and prosecuting charges against Axis war criminals, advices from Washington, May 2, to the New York "Times" stated. It is expected that an international military tribunal will be organized, the President said, to try those war criminals "whose offenses have no particular geographical localization," adding that it would be Justice Jackson's responsibility to "represent the United States in preparing and presenting the case against these criminals before such military tribunal."

Justice Jackson's statement regarding his acceptance of the assignment said in part, according to the New York "Times":

"I have already selected a staff, and it is at work. Fortunately, I was able to obtain personnel familiar with the problems and with the materials which have been assembled in the various departments. This staff has been working for some time on the cases under the direction of far-sighted leadership. An impressive amount of original and authentic evidence is now in Allied possession and more is being obtained daily in the European theatres of action. There will be no delay on the part of the United States. and we think undue delay is itself failure. . . .

"All I can say at this time is that I have fully canvassed the difficulties and obstacles and hazards which may cause concern to some people and I would not have taken this burden upon myself if I were not convinced that materials available and procedures possible afford an opportunity to do something toward bringing to a just judgment those who have heretofore thought it safe to wage aggressive and ruthless war; and to do it in a way that will be consistent with our traditional insistence upon a fair trial for any accused. Our degree of success will largely be measured by the strength of our support among the American people."

AFL-Builders Agree on Handling Disputes

A program for post-war labor-management relations providing machinery for speedy and harmonious settlement of all kinds of disputes without recourse to government intervention has been agreed upon by the Associated General Contractors of America and the Building and Construction Trades Department of the American Federation of Labor, according to Washington advices to the New York "Times," May 9.

The program which has been made public by the two groups is said to be as follows:

Maintain and improve the present working relations in the industry.

Prepare a record of the points of agreement existing on a national basis.

Set up a joint committee to handle within the industry the various problems arising which cannot be dealt with locally.

Retain within the industry control over its own problems rather than having to resort to Federal or State legislation or administrative action.

Interpreting these items, authoritative sources said that the first point was based on the consideration that the war record of the parties in maintaining an amicable relationship was the best in the history of the industry. It is regarded virtually as an affirmation of closed shop conditions both with regard to individuals and to any unions outside the AFL.

The purpose of the second point is to collect agreements and decisions which have been made on a national basis and to codify and distribute them for guidance in the settlement of local disputes.

Point three, it was explained, means that eventually a board of appeals will be set up to which local disputes will be taken for settlement. A basic motive in the whole agreement is to avoid invocation of assistance of government mediation or arbitration machinery.

Harry A. Dick of Portland, Ore., president of the Associated General Contractors, said in an accompanying statement that "management and labor in the construction industry believe that with their intimate knowledge of the industry they are better qualified than anyone else to talk out the problems which will arise in the post-war period between labor and management in construction."

Baldwin is Airport Consultant to Trade Board

John F. Budd, Chairman, Aviation Section, New York Board of Trade, Inc., announced the appointment of J. Kirk Baldwin, formerly of Cheyenne and Caspar, Wyoming, now resident in New York City, as its Airport Consultant. Mr. Baldwin, now General Manager of the Airports Directory, offered by the Haire Polishing Co., was until recently, Chief of Airports Management, Civil Aeronautics Administration, Washington, D. C. He was also State Treasurer and Director of the Wyoming State Aeronautics Commission. He is well-known in all aviation circles having widely travelled throughout this country.

Mr. Baldwin's activities with the Aviation Section will be to advise the Executive Board and its Executive Secretary on all matters concerning airports, aviation legislation, etc. In addition he serves as Vice-Chairman of the Aviation Section's Airport Committee.

From Washington Ahead of The News

(Continued from first page)

tariff bars have been down during the war.

There is no doubt, though, that Hull served to take the matter out of American politics. The Republicans who sought to make the reciprocal treaties an issue in, as far back, as the 1936 Presidental campaign, ran into the "Liberal" Republicans. Since then, the Republicans have come to talk and think less of the tariff. They have been thoroughly beaten on it, and now, for better or worse, there aren't enough of them in Congress of tariff-mindedness, to seriously challenge the proposal for additional reciprocal trading authority on the part of the Administration.

The tariff issue may come back when the full story is developed as to how our do-gooders are paying for every cocoanut tree that is destroyed on the South Pacific Islands which we have occupied and are occupying; how we had to pay for the widening of roads in New Caledonia, and also to pay for the future maintenance of these roads, because a widened road cost more than the New Caledonians had paid in the past. When these and thousands of like instances, not only in the Pacific but the European theatres, are revealed, the high tariff people might have a chance. They don't have one now.

This being the case, and Truman's ascension to the Presidency having taken away the issue of "that man in the White House," Washington correspondents are asking just what is the reason for being on the part of the Republicans. This is a temporary phase, of course, but revelatory as to the present situation on the Potomac.

This writer offers it as a prediction that the Republicans will sooner or later, develop an issue in the OPA. Senator Bob Taft has his eye more closely glued on this ball than anyone else. To get the price controls or the OPA off the American people is going to be a difficult and very likely, at first, an unpopular job. So far, Senator Taft has stuck out his neck and challenged the OPA's authority to hold prices to 1942 levels on reconverted industry.

He is up against, and he and others are going to be up against, even after victory over Japan, an agitation for continued price controls "until supply meets demand." This sounds nice, but the warranted fear is that supply never will meet demand, or more direct to the point, that there cannot possibly be the proper boom in industry to pick up the unemployment slack, as long as OPA continues controls. A tremendous job of propaganda has been done by the Administration on the fear of inflation. Inflation is a word which the economists play with. One hears them arguing as to whether inflation is what we had before the depression or what we are having now. But the Government has sold it to mean when millions were out of jobs. That fear which has been instilled is looked upon by men like Senator Taft as the greatest detriment to Industry being permitted to give the necessary post-war employment, and if it isn't permitted to do this, there is no doubt about what the outcome will be.

Nacy, Democratic Committee Aide

Richard R. Nacy, of Jefferson City, Mo., has been named executive assistant to Chairman Hannegan of the Democratic National Committee who will remain in that post after assuming office as Postmaster General of the United States, July 1, Associated Press advices from Washington state, May 11.

Senate War Investigating Group Continues Study of Need for Bases

The Senate war investigating committee, headed by Senator James M. Mead (D.-N.Y.), of which President Truman was formerly head, is understood to be preparing a report recommending permanent United States retention of military and naval bases on Dutch and British possessions in the Caribbean area, according to advices from Washington, to the New York "Herald-Tribune," May 9, which stated that a three-man subcommittee of the Mead Committee, recently returned from an inspection tour of Caribbean bases, had been convinced that these installations should be retained to safeguard the Panama Canal.

Any recommendations by the three-man subcommittee must be approved by the full ten-man committee. It was understood, however, that the full committee is fairly generally agreed on the need for retention of island bases.

Meanwhile, another six-man subcommittee of the Mead Committee is to go to Europe to inquire into materiel disposal, the United Press reported from Washington, May 11, stating that although President Truman had requested the Senators to postpone the trip for at least 45 days or until the Army's plans for transferring billions of dollars worth of American materiel in Europe to the Pacific had been completed, the subcommittee is expected to leave on schedule. Its work will be to carry forward the investigation begun in North Africa and in the Caribbean.

It will cover not only Lend-Lease but plans for handling or disposing of left-over war goods and the improvement of air bases and other military establishments of our own expeditionary forces.

Business Failures in April

Business failures in April were higher in number but lower in amount than in March and when compared with April a year ago were lower in number and amount of liabilities involved. Business insolvencies in April, according to Dun & Bradstreet, Inc., totaled 90 and involved $980,000 liabilities, as compared with 85 in March, involving $3,880,000 liabilities and 131 involving $3,524,000 in April a year ago.

The wholesale and construction groups were the only classifications having fewer failures in April than in February, while the manufacturing group had the same number. When the amount of liabilities is considered, all groups without any exception had less liabilities involved in April than in March.

Manufacturing failures in April numbered 26, involving $464,000 liabilities, compared with 26 in March with $3,067,000 liabilities. Wholesale failures numbered six against seven in March and liabilities were $107,000 against $160,000 in March. In the retail trade section insolvencies numbered 43 in April against 37 in March, and liabilities fell to $215,000 in April from $409,000 in March. In the construction group insolvencies decreased to seven from ten in April and liabilities were down to $140,000 in April from $175,000 in March. Commercial Service failures increased to eight with $54,000 liabilities from five in March with $69,000 liabilities.

When the country is divided into Federal Reserve Districts it is found that only the New York, Cleveland and San Francisco Reserve districts had more failures in April than in March, the Philadelphia, Richmond, St. Louis and Minneapolis Reserve districts had the same number and the remaining districts had less. When the amount of liabilities is considered it is seen that only the St. Louis and Minneapolis Reserve districts had more liabilities involved in April than in March.

Industry Divided on Leasing War Plants

Some manufacturers who expect to expand after the war are interested in purchasing surplus government plants "at a reasonable price," while others are interested in leasing them with option to purchase later.

These divergent views of representative manufacturers operating in all parts of the country are revealed in a survey recently completed the National Industrial Conference Board.

Opinion among the executives is also sharply divided on the policy the government ought to pursue in disposing of its wartime industrial plant and facilities, which to date have cost about $16,000,000,000 and occupy over 426,000,000 square feet of factory space.

The executives were virtually unanimous in holding that government should not attempt to operate any plants and that all government plant not needed for future emergencies in a stand-by condition should be sold or leased to industry, or scrapped. Opinions differed sharply, however, on the manner and tempo of disposal.

One manufacturer, whose view represents that of a number of respondents, believes that in order to avoid glutting the market and destroying fair values the government should undertake the orderly liquidation of unneeded plants and machinery over a period of years, and that the liquidation prices "should be kept sufficiently high to permit private owners of surplus plants and machinery to dispose of their surplus at a reasonable price."

Diametrically opposite is the opinion of another group, expressed by a manufacturer of industrial machinery: "The general policy concerning government-owned plants should be to sell them at reasonable prices as soon as possible, perhaps within a year after they become surplus war property. Those which cannot be sold at reasonable prices should be scrapped. . . . A liberal view of reasonable values should be maintained by government disposal agencies in order to encourage private industry to purchase them. . . ."

Proposals for Peace Army

War Department plans for a peacetime standing army of 500,000 men with an active reserve of 4,000,000 have been outlined, according to an Associated Press report from Washington, May 8, which continued. The 4,000,000 reserves would include an estimated 400,000 to 500,000 national gaurdsmen and officers reserve corps members and 3,500,000 youths trained for one year in the regular Army and assigned to active reserve status.

It was emphasized that the program is tentative and contingent on enactment of compulsory peacetime military training. Whether Congress will enact such a law may be determined within a few months. The House Post-war Military Policy Committee, which strongly favors the proposal, will open hearings on it June 4.

The proposed state of "preparedness" would compare to a pre-war force of 302,968 enlisted men and 23,192 officers in the Army on Aug. 31, 1940. The actual size of the post-war army must be fixed by Congress.

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(Continued from first page)

ulations remain near the top of the list of civilian responsibilities. A wage stabilization policy must be maintained during the reconversion period to prevent inflationary price increases and to avoid a post-war deflationary trend which might destroy wage standards.

9. The necessity for raising vast sums of money through the sale of War Bonds and by taxation for financing the war with Japan will remain undiminished for a considerable time. Taxes and War Bonds also are essential factors in price control.

10. The paramount command is: Win the war! Victory over Japan comes ahead of every other consideration. The war will be shortened and peace speeded, lives will be saved, our men will come home sooner, if everyone dedicates himself to this main objective.

The Job of Crushing Japan

Q. Can Japan be expected to surrender unconditionally?

A. Unconditional surrender and occupation of Japan are primary war aims. But the Japanese "will fight to the bitter end," says Under-Secretary of State Joseph Grew, for ten years U. S. Ambassador to Japan. Iwo Jima's toll of 20,000 American casualties for 23,000 Japanese dead is an example of the to-the-death tenacity which may be expected in key positions.

It is difficult to estimate how long it will take the Allies to defeat Japan. No prediction can possibly take into account the accidents and fortunes of war. The only certain forecast is that the harder we and our allies hit Japan, the more quickly we apply our maximum pressure, the sooner the war will end and the smaller the cost will be in American and Allied lives.

Japan has two great strengths: (1) The willingness of her soldiers to die to the last man, rather than to surrender; (2) her geographical positions; She is hard to get at. Our nearest large harbor is in the Philippine Islands, 1700 miles from Tokyo. (Okinawa, only 325 miles south of Kyushu, has anchorages but no harbor facilities of importance.) Tokyo is 1,500 miles from Guam and Saipan, which are 5,000 miles from Hawaii, and Hawaii is as far from San Francisco as London is from New York.

Japan's Strength

Q. What is Japan's armed strength?

A. Japan has an army of 4,000,000 men, less than a fourth of them south of Formosa and China. She has several million men fit for military service and not yet called up. So far, we have not come up against the main strength of the Japanese army.

Although the Japanese fleet has been crippled, it can still strike damaging blows in waters protected by land-based aviation. Her air force is still a powerful defensive factor. Until our recent bombings of Japan became frequent, Japan was producing planes faster than we could destroy them. In one recent raid over Tokyo the Japanese were able to put 650 fighter planes in the air against our Superfortresses.

Q. How strong is Japan's industrial position?

A. Government experts have estimated that Japan is capable of maintaining a large production in almost every category of war equipment and military supplies. Although Japan has suffered spectacular military reverses, a large portion of the war machine with which Japan began the war remains intact. The reduction of Japan's industrial potential will require a great intensification of our heavy air attacks.

Japan has many critical war materials on the home islands. In Korea and especially in Manchuria, an important and integral part of Japan's inner zone, Japan has a large industrial plant and important raw materials. She also has stock-piled large quantities of key materials, enough for at least a year of full-scale war.

Allied Accomplishments

Q. How has Allied warfare weakened Japan?

Q. We have crippled her Navy, reduced the size of her air force, and destroyed the perimeter defenses of the empire. Our present positions in the Philippines and Okinawa blockade her supplies from the south. Our bombers are increasing the force of their assault on her heavy industry. Since Pearl Harbor, we have sunk or damaged more than two-thirds of Japan's merchant fleet, and have severed her outer lines of communication. However, as we get closer to the homeland, the remaining merchant fleet may be adequate for the shorter lines of communication.

Even blockading Japan from the mainland, a difficult task, would not starve out the Japanese. These people thrive on less and poorer food than Americans.

Allied Requirements

Q. What forces will the Allies require to compel Japan's unconditional surrender?

A. Our experience in Europe has clearly demonstrated the need for joint operations of land, air and sea power. Only such coordinated action can compass the defeat of a strong and determined enemy. Germany was subjected to years of the most intensive bombing ever known, but it was certainly necessary for our ground forces to battle it out with the enemy yard by yard and mile by mile to win our victory. This experience has been duplicated in the Pacific.

To mount the climactic phases of the war against Japan and to occupy conquered territories, the Army plans to maintain total forces of 6,968,000 men for a year after the European victory. This requirement, as well as that of the Navy, has been calculated by the Joint Chiefs of Staff, using the same precise methods that were used to calculate the requirement for our successful campaigns in Europe, Africa, and our advances in the Pacific. The Army's present strength is about 8,300,000 men.

The Navy will reach its currently authorized strength of 3,389,000 by June 30, 1945. The Marine Corps has reached its authorized strength of 478,000 and the Coast Guard is virtually up to its authorized total of 173,000. Almost our entire Navy will be sent to augment the forces already operating against Japan. The British have thrown forces into Burma and a portion of their fleet is fighting beside that of the United States. Great Britain, France, the Netherlands and China, among others, have pledged their full assistance in combat and in all forms of cooperative effort in the war against Japan.

It will take time to bring our own maximum forces to bear. The task of transporting them will be tremendous. The maximum use of both ships and planes will be made to bring this force to bear against Japan with all possible speed.

Some of our forces will be started on the way almost at once, but re-grouping, re-equipping, retraining and re-deploying our armies will require many months, since men and material must be transported to the far Pacific.

Transportation is a key problem in the Pacific. It is doubtful whether much of the merchant shipping now operating in the Atlantic can be shifted to the Pacific because of the millions of men and large quantities of equipment which will have to be moved out of Europe. It is anticipated that the shipping situation will be tighter than ever for many months, because of military requirements in the Pacific, re-deployment of troops, return of men for demobilization, and shipment of supplies to liberated areas.

Demobilization-Draft-Recruitment

Q. What are the plans of the armed forces for demobilization?

A. Prosecution of the war against Japan must take precedence over all other considerations, but men and women who can be spared from the Army will be demobilized. The Navy does not plan to demobilize until Japan has been defeated. The Army expects to reduce its strength by 1,300,000 in the first year after the defeat of Germany, but this will have to be done slowly at first because first priority on shipping must be assigned to the men and material going to the Pacific.

The soldiers to be released through the cut in the size of the Army will be selected from among fathers and those who have had the most extended and arduous service. It is the Army's intention to release additional men by holding Selective Service calls at a level above that necessary to replace men lost through battle and normal attrition.

The Army will at the same time continue to release men because of sickness, wounds, age and other factors which prevent their effective use in service. It is expected that discharges of this kind, plus those made through the cut in the strength of the Army, and the excess of draft calls over replacement needs, will result in release from the Army during the next year of about two million officers and men.

Nearly all soldiers will be demobilized from the service through the Army's Separation Centers and Army hospitals, in this country, and as close to their homes as possible.

How Demobilization Works

Q. How will the Army select those men and women in its service who will be demobilized?

A. The selection will be made through the application of fair and impartial standards based on the views of the enlisted personnel themselves. These standards provide consideration for each enlisted man or woman as an individual. The Adjusted Service Rating Score will be computed with an allowance of the following credits:

Service Credit—based upon the total number of months of Army Service since Sept. 16, 1940.

Overseas Credit—an additional credit based on the number of months served overseas.

Combat Credit — based upon each battle participation star, and each award of the following decorations: Medal of Honor, Distinguished Service Cross, Legion of Merit, Silver Star, Distinguished Flying Cross, Soldier's Medal, Bronze Star Medal, Purple Heart, and Air Medal.

Parenthood Credit—credits for each dependent child under 18 years up to a limit of three children.

The Army has a somewhat similar system for officers. However, because of the character of their duties, the element of military essentiality will play a larger part in the decision.

After the scores of all enlisted personnel are known, the War Department will determine a "critical score." The "critical score" is that score at or above which an individual will be considered for demobilization.

Three factors may delay the separation of an individual who is a member of an organization which is being retained in service: (1) the lack of a qualified available replacement with a score below the critical score, (2) the operation of military necessity, (3) the possession of a special skill needed in the Japanese war. In all cases, however, enlisted personnel with scores equal to or above the critical score who are held in service, will be released as rapidly as circumstances permit.

Separate critical scores will be computed for enlisted personnel in the Army Air Forces, the Women's Army Corps, and the remainder of the Army. These separate scores are intended to insure equality of treatment for personnel in all branches of the service. Since the critical scores will be applicable throughout the world, it should be recognized that it will be manifestly impossible to separate individuals in the sequence of their scores. To appreciate this fact, one need only to consider the difference in time required to move personnel between Europe and the United States, or the Pacific and the United Sates.

In addition, married members of the WAC will be released, upon application, if their husbands have been demobilized, or discharged from the armed services. Also enlisted men over 42, who apply, are being released by the Army.

Service Manpower Needs

Q. Why not meet our immediate Army needs in the Pacific with men in the United States who have not yet seen overseas service?

A. Almost every soldier in this country, except those who have already been overseas or who are physically disqualified, already is earmarked for foreign service. At the present time about 1,400,000 are in training to go overseas. Most others capable of serving overseas are engaged in essential jobs and will go overseas as soon as they can be replaced by overseas returnees or limited service men. However, only part of the needs of the Japanese war can be met from the ranks of men now in the United States.

Q. How will troops be redeployed to the Pacific?

A. Because of the urgency of the military task, large numbers of troops will go direct from the European theatre to the Pacific. This number will include many service units needed to prepare the harbors, bases and air fields essential to sharply expanded combat operations. Other troops will go to the Pacific by way of the United States and will have an opportunity for furloughs before proceeding to their new destination. More than half, including the great bulk of the combat units, will go by way of the United States.

Q. Will the draft continue?

A. Yes. Selective Service calls will continue to be large. Deferments for men under 30 will continue to be relatively few and will become fewer as more veterans return to industry and the farms. The exact size of the calls that will be required to meet the needs of the Army and Navy cannot be calculated at this time. Release of men with long and hard service will require a higher level of calls than would be necessary if no effort were made to spread the burden of military service among as large a proportion of the population as possible.

Other Uniformed Services

Q. Will recruiting for the women's services be continued?

A. Yes. The WAC is below authorized strength, and recruitment must continue. Likewise enlistment of Waves must continue in order to meet the Navy's need for hospital corpsmen and for replacements. The other services—The Marine Corps Women's Reserve and SPARS—will require replacements. The Army will continue to recruit nurses. The Navy will also continue to recruit nurses but only to meet a small monthly quota for replacement purposes. Veterans' Administration, which now has 4,150 nurses, needs 3,000 more before July 31, 1945.

Q. Has Victory in Europe decreased the need for merchant seamen and officers?

A. No. The need for seamen and officers will continue until at least six months after the end of the war in the Pacific. Repatriation of American troops, movements of supplies and equipment, and transport of rehabilitation supplies will continue to engage most of the United States Merchant Marine for perhaps as long as three years after the end of hostilities with Japan.

The United States will need 115,600 additional seamen and officers by Jan. 1, 1946. These men are expected to be obtained as follows: Men to be recruited by War Shipping Administration, through seamen's unions, and ship lines—36,200; new men to be recruited and trained—79,400, almost all of whom are to come from WSA training schools.

Production and Jobs

Q. What effect does the end of the War in Europe have on production?

A. War production must continue at a very high rate. Even six months from now, war production will almost equal the rate of 1943. It is not simple to shift from a two-front to a one-front war. To date, our fighting in the Pacific has constiuted only the preliminary battles to the main attack upon Japan. The main battles lie ahead. Warfare in the Pacific will accelerate and production must keep pace.

Actually, some categories of production will increase, some new items will be added, and the emphasis will be shifted in other programs. Some items will be cut back. V-E Day production cutbacks have already largely been authorized or have been taken in anticipation of the final collapse of Germany. In the next three months, there will be a net total decline in war production which will run between 10 and 15% as compared with current levels. From that point, larger cuts cannot take place until the long pipelines to the Pacific have been filled. Thereafter, the needs for the Japanese war will continue so great as to necessitate the maintenance of production at not far from two-thirds of the schedules of the first half of 1945.

Q. How will production cutbacks be distributed?

A. Cutbacks will be spread as evenly as possible. However, the changed nature of the Pacific war will affect differently the output of different industries, different areas and different plants. In general, it is planned to cut back production first in tight labor areas, so that work opportunities may be equalized. This will not always be possible, because cutback placements may be decided for other than manpower reasons, such as, when a particular plant is able to produce only a particular item, it might not be cut back no matter where located.

Q. How are plants and workers notified about cutbacks?

A. The procurement agency which issued the original contract will notify the Production Readjustment Committee of the War Production Board, which includes representatives of all interested government agencies, that cutbacks of a certain amount are necessary and will recommend the plants to be cut back.

All agencies concerned review the cutback plan, after which the local representative of the procurement agency, in cooperation with the local termination committee, gives notice to the manufacturer. Simultaneously labor is notified. The termination committee is made up of local WPB and

WMC representatives and those of the procurement agencies.

Before notifying management and labor, the local termination committee determines whether there are other war requirements for the facilities and manpower being released by the cutback in production.

Changes in Production

Q. What additional civilian production will be permitted immediately?

A. Essential civilian items needed in larger quantities, including such items as oil drilling equipment, locomotives and freight cars, trucks, utilities and farm machinery. In addition, certain consumer items such as refrigerators, and washing machines, will be started immediately in moderate quantities. Many minor electrical appliances and other durable and semi-durable goods will start, or expand production.

Not all factories now producing for war will have to make extensive changes in machinery or methods to produce for civilian consumption. Actually, a very large majority of all so-called war production plants can continue to work with the same, or similar machines, and in similar ways. In some cases where specialized equipment is used, physical reconversion will be necessary.

Relaxing Controls

Q. How will production of civilian goods get started?

A. The WPB will release its controls as quickly as possible. Some can be removed entirely, others may be released on a local basis in the light of local needs for war production. Among the steps which WPB has already taken, or will take in the near future, are:

1. Restoration of the complete operation of the Spot Authorization Plan for approving civilian production through district and regional offices of WPB.
2. Revocation of a number of orders which at present restrict, or prohibit, the manufacture of certain minor durable and semi-durable consumer goods, or that limit the use in such articles of materials which now are no longer critical. Gradual revocation of these orders has already begun.
3. "Open-ending" the Controlled Materials Plan (CMP) so that copper, steel and aluminum, now channeled entirely by allotments to war production, may be released also to civilian manufacturers for purchase in the free market in such quantities as are no longer needed for war or essential civilian purposes.
4. Removing of "rating floors" from a number of items, now under WPB orders, to permit delivery or production of these items without a special WPB priority.
5. Positive priority assistance for smaller manufacturers and veterans in obtaining needed materials and components so that each will have a fair chance to get his share.

The wartime economy has closed many businesses. Wherever possible, small business will be given the first chance to reconvert.

It is expected that two to three million tons of steel will be released during the first quarter after V-E Day, about 500,000,000 pounds of copper and brass, and around 150,000,000 pounds of aluminum probably will be available for civilian production during the same period.

Readying for Reconversion

Q. How quickly will it be possible to start civilian production in those plants where war orders have been cancelled and which must be reconverted?

A. The length of necessary time will vary with each individual plant according to the amount of chanegover needed for its new products, and its ability to get delivery of materials and components. Government agencies already have in operation procedures for prompt settlement of cancelled contracts, and for clearing Government-owned equipment and surplus inventories out of facilities no longer needed for war production. Both are geared to give manufacturers full and rapid freedom of action in converting to civilian production, within the limitations of supplies of material and manpower.

In general, a war producer whose contracts have been cancelled will receive reimbursement for all costs incurred by him, which were necessary for the performance of the war contracts, plus a reasonable allowance for profit. Expenses of reconversion, however, may not be charged to the Government as part of the liquidation costs.

Basic plans for handling all such matters have been worked out and information on them is available to all war plants from the contracting agencies. Funds for settlement of all contracts have been set aside from the sums originally ear-marked for the whole contract.

Q. How much is reconversion expected to cost?

A. Total reconversion of all plants now producing for war is expected to cost not more than $3,000,000,000. Manufacturers and other businesses of the nation are estimated to have reserves of more than $20,000,000,000. Smaller manufacturers, who may not have their proportionate share of this big reserve, have access to special financing. The Government is prepared to supply them from funds owed them under their contracts in anticipation of full settlement, and also has set up procedures to provide guaranteed interim financing loans on request.

The Manpower Situation

Q. What effect will shifts in war production have upon national manpower and employment?

A. The vast majority of the 52,000,000 civilian workers are in jobs which will continue during the first six months after V-E Day regardless of cuts in war production. Of these, nearly 43,000,000 are in agriculture, trades and services, transportation, plants manufacturing civilian goods, in Government service or in business for themselves. About 9,000,000 are in munitions plants, a large proportion of which must continue munitions production for the war against Japan.

During the next six months, probably about 1½ million workers will lose their jobs. A larger number than this will be out of war work, but they will continue in the same jobs, producing for civilian consumption—for example, steel workers now producing steel for tanks will continue producing steel for items such as refrigerators. Also, in the next year, about 2,000,000 men are expected to be demobilized from the Army. During the following six months, perhaps another three million workers will lose their jobs.

But reconversion, expansion and the needs of many industries, such as transportation, retail trades and services, textiles, agriculture, lumber and public utilities, which are now short of workers, should provide jobs for most of those who will lose them through cutbacks. The tremendous backlog of civilian needs and purchasing power will stimulate both old and new enterprises.

Unemployment, therefore, much of which will be temporary, is not expected to total more than 2.5 million at the end of the next 12 months, as compared with the present total of about one million.

Shut-downs probably will cause some serious local unemployment, chiefly in one-industry towns where everybody works at the war plant. Where necessary, the United States Employment Service of the WMC will supply information as to where workers are needed and will assist the worker in obtaining employment.

Women may be affected more seriously by cutbacks than men, especially in those plants which rely now largely on womanpower. But reemployment records show that many women who are released when contracts are cancelled have not tried to get new jobs.

Help Between Jobs

Q. What help is available for displaced workers?

A. For one thing, unemployment compensation is available to released workers in all States. The maximum payments vary from $15 to $22 per week; the number of weekly payments, from about 10 to 20. Workers may obtain unemployment compensation by reporting to the local United States Employment Service immediately. If USES cannot refer them to new jobs, it will set the wheels in motion for the payment of unemployment compensation.

Q. What does a veteran do to get his old job back?

A. If he held a position other than temporary, usually he need only to apply to his old employer, who in accordance with the Selective Training and Service Act will reemploy him in his old job, or in a position of like seniority, status, and pay. If any questions arise, his local Selective Service Board will advise him of his rights and assist him in establishing them.

Up to the end of the war in Europe, more than 2,000,000 men had been discharged from the armed services. Of these, something over a third had asked for their old jobs back. Most of them found thir own jobs. A veteran seeking a new job may go to the United States Employment Service local office and ask to see the veterans' employment representative.

If a veteran is out of work and the USES is unable to find him a job, he can obtain an unemployment allowance. Under certain conditions he may be eligible for a readjustment allowance of $20 a week, for from four weeks to a total limit of 52 weeks, depending on his length of service.

If a veteran wishes to obtain specific detailed information about his Government insurance, medical benefits, education allowances, and other aids provided by veterans legislation, he should apply to the nearest field office of the Veterans Administration.

Civilian Life

Q. Will the war-time restrictions on civilians—rationing, lack of household appliances, price control and wage control — continue?

A. These are war measures, and they must be continued as long as the war-created needs exist. They will be relaxed just as soon as materials, facilities and manpower can be released from war production.

The irksome controls are designed not only to direct our resources to war, but to protect consumers against a rising cost of living and to make sure that everyone gets a fair share of scarce goods.

Q. Is it necessary to continue food rationing?

A. Yes. For three reasons: (1) Total food supplies available for civilians, the military, and other uses, this year are expected to be 5 to 10% less than last year. At the same time, total requirements are 5 to 10% greater, and will remain high. (2) We have just as many soldiers to feed as before V-E Day. They must be fed, whether they remain in Europe, or return to the United States, or are transferred to the Pacific. Moreover, we are helping to feed millions of persons other than our own soldiers in Europe. (3) Supply lines to the Pacific are longer than to Europe. More food will have to go into these supply lines. We will be feeding more men in the Pacific.

Point values of rationed food, as in the past, will be raised or lowered according to the supplies of rationed foods available. The established system of making red and blue points good on the first of each month will continue, as will the plan of expiration dates for ration stamps.

Our Food Supply

Q. What foods will be scarce?

A. Meat is the most serious shortage; sugar is next. But butter and other fats and oils also will be scarce. Supplies of meat are expected to be 26% less than the estimated requirements for the third quarter. Supplies will provide military requirements plus quantities for home consumption at a level for the quarter equal to an annual rate of 115 pounds per capita. This is at an annual rate of about 35 pounds less than the average which Americans ate last year and 10 pounds less than was consumed in the average pre-war year. There will be a little more meat in the last quarter due to the seasonal increase in livestock marketings. But there will be a corresponding increase in requirements.

Sugar requirements are much greater than the available supply. There is no prospect that the victory won in Europe will reduce the sugar demand — rather the need of liberated countries will increase it—and there is no immediate way of increasing the supply significantly. The present sugar ration totals 17.1 pounds per person this year for home use—the rate now has been cut to 15 pounds per year—excluding ration board allowances for home canning which are 70% of 1944 totals.

Butter production will be about 600,000,000 pounds short of requirements. This will be almost seven fewer pounds of butter this year than in pre-war years for every man, woman and child in the country.

There is a world-wide shortage of other fats and oils. The smaller quantity available in this country is due largely to the decline in lard production. The quantity of all edible fats and oils available this year is 1,800,000,000 pounds less than the estimated American requirements.

Supplies of cereals, except rice, are adequate. Supplies of fresh and frozen fish are large. Domestic supplies of fresh vegetables are entirely adequate and prospects, based on commercial and victory garden production, are that this situation will continue. The outlook for fresh fruit is that supplies will be almost as large as last year. Civilian supplies of eggs will be about the same as the record totals of last year. Supplies of fluid milk are of record size, and are more than a fourth larger than before the war.

Q. Will we continue to feed liberated people in Europe?

A. Yes. We are sending somewhat more food to Europe this year, including relief distributed through military channels.

Fats and oils are the most important group of foods we are sending abroad, because fat is both indispensable and a cheap supplement to the large amounts of cereals which will be sent because they are relatively abundant. Supplies of meats;; cheese; condensed, evaporated and dried milk; sugar; rice, and desirable types of beans are so short that they can be supplied to meet only the most urgent needs.

Goods for Civilians

Q. Will supplies of clothing begin to increase soon?

A. The joint OPA-WPB clothing program should increase production of low-cost items of clothing to meet at least minimum demands. However, certain textiles still needed by the military will not be released in any large amounts until after Japan is defeated, and military needs for some textiles suitable for the Pacific theatre will be even higher.

The new OPA-WPB program is designed to channel most of the available materials of all kinds—cotton, wool, rayon—into lower-priced clothing items sorely needed at present. What is left can be made into any material a manufacturer may wish to produce. But supplies of luxury materials—heavy rayon-satin, upholstering, brocades and similar textiles—will be strictly limited, probably until after the defeat of Japan.

Nylon and silk stockings are made of war materials and cannot be expected in any large quantities until well after final victory.

Shoes must continue to be rationed, for lack of enough leather, but shoe needs of the nation will be met by the production of non-rationed shoes made from fabric and with non-leather soles.

Q. When will it be possible to buy new equipment for the home—radios, washing machines, vacuum cleaners, furniture?

A. Some of the appliances should be available in limited numbers within a year. Washing machines, refrigerators and other badly needed items will undoubtedly go into production first. Some household needs, such as electric irons and stoves have been produced in limited quantities during the past two or three years and production probably will be stepped up in three to six months—as skilled manpower and materials permit.

Provision must be made to see that the most essential civilian needs, such as those of hospitals, are filled first. If there are any appliances left over they will probably be sold without rationing. Some civilian radios should be available within the year, but present plans indicate a tight situation.

Some items of furniture will continue to be available but shortages of lumber and heavy textiles may limit production. Generally, as soon as materials are available for civilian production, furniture again will have metal fittings and hardware as in pre-war models.

New Automobiles

Q. When will it be possible to get a new automobile?

A. A few cars may be coming off the assembly lines in six to nine months, but it will be a long time before they are produced in really large quantities, and there cannot be enough to meet pent-up civilian demand in less than three years. OPA will see that the most essential users get the first available cars under the present rationing program.

Spare parts to keep present cars rolling will continue to be produced at a very high rate. Last year the WPB programmed the manufacture of $750,000,000 worth of auto and truck parts. Cars at present average nearly eight years of age, trucks nine years, and many will have to last three to four years longer. Greatest parts shortage is in batteries and tires. Need for care of cars was never greater than today.

Q. Will there be more gasoline for civilians?

A. Best estimate is that there will be from 100,000 to 200,000 more barrels of gasoline daily for civilian use—an increase of 8 to 16%. Any such increase, however, may be temporary. Added gasoline supplies will be divided among "A" and commercial card holders. It may be possible to increase the mileage allowed to some "B" card holders who can show need. But, in view of the military demand in the Pacific, the best estimate is that gasoline rationing must be continued for some time.

Q. Will there be more coal, home heating oil and kerosene?

A. Coal mines now have the smallest labor force in 40 years and it will become smaller. Despite the over-time that the miners are now working, they cannot produce enough coal to meet fully our tremendous war and civilian requirements. There will be even less coal than there was last win-

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ter. As for home heating oil and kerosene, the best we can hope for is that civilians will have as much as last year. This hope hinges upon the continued breaking of production records.

New Homes

Q. Will it be possible to build new homes soon?

A. Home building already is under way on a limited scale where necessary to relieve congestion, but only where manpower and materials can be spared. Many kinds of building materials will probably remain in short supply for some time. However, returning veterans are given priorities for home building; priorities also are granted in cases of hardship. Restrictions on home building will not end until manpower and materials are generally available. At least 250,000 homes and apartments are expected to be built during the next 12 months, although the figure might be as high as 400,000. Essential repairs can be made now.

Q. Will supluses of war goods be available to civilians, thereby helping to supply the demand for new civilian goods?

A. Surpluses will be sold mainly through dealers and distributors, not to individual consumers. An exception to that rule is provision for direct sales to veterans who wish to buy surpluses to establish themselves in business, the professions or agriculture. While total surpluses are expected to run into many billions, surplus consumer goods are not likely to amount to enough to compete seriously with new production. Instead, they should serve a useful purpose in filling civilian needs for many items that will be difficult to obtain before manufacturing gets into full production.

Q. When will it be possible to get better home services?

A. Delivery service on groceries and other items, and department store deliveries of packages below present weight and size limits may show some improvement near the end of the first year after V-E Day. Shortage of trucks, parts, tires, gasoline and especially of manpower will continue to limit delivery service. Where manpower is locally available, some limitations may be relaxed.

Repair service on refrigerators, stoves, etc., should be improved as repair parts and skilled mechanics become more plentiful.

Some improvement can be expected in laundry and cleaning services in localities where labor is freshly available. These facilities, too, will depend upon new equipment to reach their pre-war standards.

Transportation Burden

Q. Will the load on transportation facilities be lightened now?

A. No. The transportation requirements of the shift to the Pacific war will add to the problems of the already overburdened railroads. Large quantities of supplies must be carried to the eastern ports for the liberated countries and American occupation forces. At the same time, the Japanese war will call for increased rail shipments of men and materials to the west, a long haul over the few western railways at a time when grain shipments may be reaching their peak volume.

Present Government controls on civilian freight traffic must continue. The total freight tonnage will decrease slightly, but the shift of the main current of traffic to the west may add as much as 10% to the present heavy load in that area. It will be necessary to make greater use of water carriers to shorten railhauls. Lack of pipe lines and waterways to the west coast will require maximum use of railroads to haul petroleum products for the Japanese war.

Q. Will passenger travel become easier?

A. No. Trains will be crowded because of the heavy movement of troops. Pullman space will be difficult to obtain. The ban on conventions will continue and promoters of amateur and professional sports will be expected to continue their pledges of minimizing travel. Further curtailment of passenger service may be necessary. Present priorities on airplane travel will have to be continued.

All efforts for most efficient use of trucks and buses must continue. The shortage of tires, batteries and gasoline will not allow the unrestricted use of private motor cars.

Holding Down Inflation

Q. Will wartime inflationary pressures continue after V-E Day?

A. Yes. They will be serious. Purchasing power will continue to exceed supply. Total income will continue to be high.

Price and rationing controls, wage controls, high taxes, and continued War Bond sales will be essential in keeping consumer buying within bounds. People will be encouraged to buy only what they need and to keep up their War Bond purchases.

OPA will continue price ceilings on items now available and will establish prices on newly manufactured goods. These will be continued to prevent inflationary tendencies. Production of more civilian goods will not, for a while, make price control easier.

Q. Will wage controls be lifted?

A. Removal of wage controls at this time would be certain to increase the cost of producing goods. Producers would have to charge higher prices to cover their costs of production. This would cause the cost of living to go up. As the cost of living rose, wages would have to be raised again. Such a merry-go-round of wage and price increases not only would fail to help workers, but would be a sure way to bring on a collapse after the war. Both prices **and** wages must be stabilized as long as this danger exists. Stabilization does not mean that wages will be frozen. Unfair wage rates will be adjusted; substandard wages will be raised.

The War Labor Board has the power to set floors under wages as well as ceilings over them. This power can be used when it appears that wages are likely to be forced **downward** rather than **upward**, and every attempt will be made to prevent drastic and unwarranted wage cuts.

Q. Will wages be lower for displaced war workers who take new jobs in plants producing civilian goods?

A. While a given plant cannot reduce wages rates for a particular type of work without War Labor Board approval some workers will move to other factories at a rate lower than their war plant job paid. Some increases in wage rates can be adjusted for a shorter work week, but it will not be possible to assure every worker that his take-home pay will remain unchanged as war production declines.

Q. Will the 48-hour work week continue after V-E Day?

A. In many industries and communities, yes. As victory over Japan draws near, workers in consumer goods industries may return gradually to the 40-hour week. War industries will, however, remain on the 48-hour schedule, except possibly in construction of merchant ships in which the emergency program runs out Dec. 31, 1945, or in those war industries which have taken a heavy cut back and where pay rates are high.

Other Civilian Responsibilities

Q. Will there be an early reduction of taxes?

A. This matter will be decided by the Congress, but it has been recommended that no general reduction in taxes be made until after Japan is defeated. New tax programs are being planned for the post-VJ-day period to stimulate reconversion and new enterprises.

Q. Is it necessary for censorship to continue?

A. Yes. Censorship must remain until all danger to our security has passed, and this will not be until American lives no longer are in peril. However, with the combat zone narrowed to the Pacific-Asiatic area, some censorship modifications are in order. International mails and cables may be expected to move more freely outside the battle area.

Q. Will it be necessary to continue saving used fats, paper and tin cans?

Yes, all these materials will be needed for the victory over Japan. There is a world-wide shortage of fats that must be partially made up by kitchen fats collections. Paper will be even more necessary in the packaging of material for use in the Pacific where the climate is hard on food, clothing, munitions and other war equipment. As for tin, our former major supply source is still in the hands of the enemy, Japan.

Q. Will there still be War Bond campaigns?

A. Yes. The Seventh Loan will go on, and there will need to be, at least, an Eighth Loan. We must put into the war with Japan every man and every piece of equipment which can be effectively utilized. There will continue also to be a great need to divert cash purchasing power from the retail market to bonds in order to keep the maximum curb on inflation.

Q. Will normal foreign trade become possible now?

A. Not generally for all areas of the world. Wartime restrictions on commercial export-import business, necessary to control the flow of essential supplies, so that they could be used with maximum efficiency, will be removed gradually, but normal export and import trades will not be possible before the end of the war with Japan. In accordance with the London Agreement of Principles, of August, 1944, enunciated by the State Department and the British Foreign Office, the United Nations' control of merchant shipping for military purposes will continue until cessation of hostilities or six months after the defeat of Japan. This is a continuation of the Combined Shipping Adjustment Board's work, expanded as necessary to control merchant ship tonnage of the world up to V-J Day and for six months thereafter.

We will continue to send Lend-Lease goods to our allies, but in reduced amounts. All Lend-Lease is limited strictly to aid in prosecution of the war. Allied nations will be able to get from us some supplies and machinery for rehabilitation of their industries, within the limit of available supplies, in the light of demands of the armed forces and our domestic civilian economy and subject to the working out of mechanisms for financing the purchase of such supplies.

The Bretton Woods Proposals

(Continued from first page)

The Fund in my opinion should be a department of the Bank and the capital for the Fund reduced to that prescribed by experienced foreign exchange bankers or the central banks of the respective countries. Another very good reason for the Fund being a department of the Bank is the fine distinction to be drawn between exchange balances growing out of trade and balances growing out of capital movements. The Fund is not to be used for the latter.

Some of the defects of the Fund agreement are:

1. Article V of the Plan gives each member the **right** to borrow desired foreign exchange from the Fund, in an amount equal to the member's quota. For example, Brazil could draw upon the Fund up to $150,000,000, over and above the Brazilian currency and gold she will deposit initially; and Yugoslavia $60,000,000. Section 3 of Article V reads, "A member shall be entitled to buy the currency of another member from the Fund in exchange for its own currency," subject to the conditions that such purchases "would not cause the Fund's holdings of the purchasing member's currency to exceed 200% of its quota."

This article makes available to each member a monetary stabilization loan not without specific provision for repayment, or investigation of its capacity to repay, but also without any concrete commitment to adopt and maintain sound monetary measures and policies. Members will retain the **right** to depreciate their currencies within relatively wide limits, to maintain foreign exchange restrictions to a large extent, but yet to use the foreign exchange provided by the Fund in almost any way they please.

2. The plan does not require members who use the Fund's resources to adopt measures or policies to promote sound monetary conditions within each country. Governments will remain entirely free to pursue policies that will inevitably lead to currency depreciation or make necessary the imposition of foreign exchange restrictions and paralyzing curbs upon international trade.

3. The plan fails to specify anywhere that its objectives include a return to sound currencies. Nowhere does the plan state that its aim is to secure an eventual return to free international exchanges, without dependence upon credit from the Fund. Nowhere does the plan make a return to the international gold standard an objective to be favored.

Stabilizing the Exchanges

In many countries the problems of restoring sound currencies and determining the value of money units may take several years. In addition to the difficulties of establishing sound currency units, there are the problems of price levels, budget balancing, tax policies, and similar domestic economic policies. Many countries will need outside help. Some of the help may be loans from governments or private banks. It seems highly desirable that the United Nations set up the best possible organizations to deal with these reconstruction needs. But this Fund, according to its own prescription, is not for reconstruction purposes.

Would it not be best for the countries that can stabilize their currencies and return to sound standards to proceed with these steps as rapidly as possible? Then these countries could provide jointly or severally the aid needed by less fortunate countries.

The Gold Standard

The matter of the gold standard seems to me important. It is the international currency to which all countries cling, and a forthright determination to reestablish the international gold standard with some such institution to take care of emergency needs as the Tri-Partite Stabilization Agreement between the United States, England, and France before the war, which would admit all sound currency countries to membership, would seem more desirable than the proposed Fund.

The Fund has a very great weakness which is evident in the misunderstandings that have already developed. The people in the Americas have interpreted the Fund to be a return to the international gold standard. The people in the British Empire countries have been assured that it is exactly the opposite to the gold standard. With this fundamental difference of opinion, as to the meaning of the language isn't there a dangerous failure to have a meeting of minds of the contracting parties? Moreover, the Fund has no power and takes a very weak position with respect to the currency standards and the stability of the currency values of the different countries. In my opinion this is only a plan for the management and manipulation of paper currencies. Unstable currencies are the death of credits and trade. Credits and trade move freely where there is confidence in the currencies. Unstable currencies discourage credit and reduce trade to cash and barter transactions.

The major currency problems of the world are not dealt with in these agreements. Among them are the solutions of the problems of national debts, excess currency and bank credit, blocked sterling, sterling area controls, trade quotas, tariffs, two-price systems, subsidized dumping and a great variety of practices which will not allow sound currency standards to function, until these conditions are eliminated or corrected.

The Sterling Problem

Blocked or registered sterling balances constitute one of the chief obstacles to free interchange of goods in the post-war period, and the Fund has made no provision to deal with this problem. According to Lord Keynes, these balances amounted to about $12 billion in September, 1944, and are growing at the rate of $3 billion a year.

If a merchant in Argentina or Uruguay or Brazil or India has a Sterling bank account which is blocked, i. e., restricted so that he may draw checks only for the purchase of merchandise from Great Britain or to make transfers to other firms in his own country having similar authorized blocked balances, it is quite useless for an American salesman to approach such a merchant and offer to sell him merchandise.

The original proposal of Lord Keynes to establish a Clearing Union contemplated that these balances could be used for the free purchase of merchandise. The second proposal of the Treasury spelled out an elaborate plan for the unfreezing of these balances through the Fund under an arrangement which gave Great Britain 23 years to repay, with no instalments being required during the first three years. This proposal was dropped and exactly the reverse policy was written into the later drafts, which provide specifically that the Fund's resources may not be used for the monetization (unfreezing) of "abnormal war balances."

Provisions for Instability

The agreement for the International Fund does not provide a mechanism for the stabilization of exchange. On the contrary, it legalizes wide variations up to 20%, of which 10% may be accomplished at any time by the nation which wishes to devalue, and 10% is subject only to the limitation that the Fund must object within 72 hours.

For example, based on the present dollar value of the Pound Sterling ($4.04), these provisions authorize fluctuations up to 81 cents in the dollar price of the Pound Sterling. Since under normal circumstances a fluctuation of 1% would be extraordinary, it is obvious that the Fund agreement cannot properly be described as an exchange stabilizing agreement. On the contrary, it is being advocated in Great Britain as an agreement to permit facile management of money at a fluctuating exchange rate and is being criticized because it places too great restrictions on freedom of movement.

Exchange Controls and Currency Agreements

The agreement does not eliminate exchange controls and multiple currency rates. The stifling effect of exchange controls on international trade may not be fully realized. For example, it is quite useless for United States merchants to solicit trade in the Sterling area if the merchants of that area cannot obtain permission from their treasury to use their cash in bank to make a purchase. Effective use of exchange and import controls make it possible to channel trade in the direction which the controlling government wishes. The Bretton Woods Agreement specifically permits the maintenance of such controls during the "transitional period," requires a report at the end of three years of operations and requires countries still maintaining such restrictions to consult with the Fund after five years. It is easy to speculate how firmly established and how well channeled trade relations will be after five years of continued existence under exchange and import controle.

British Trade and Currency Agreements

While we may have great sympathy for the trying position of Great Britain in her struggle to regain her trade and finance position, it is not necessary for us to be blind to the bilateral trade and currency agreements that England has made, which to a large extent nullify any theoretical benefits claimed from the establishment of this monetary Fund. The most recently announced currency and trade agreement was that with France on March 27. Others were made with Sweden on March 6, 1945, with Egypt in January, 1945, with Belgium in October, 1944, etc.

These agreements follow the same general form but with certain differences required by local conditions. For instance, the agreement with Peru, dated Nov. 17, 1942, provides that all trade and financial payments between Peru and the Sterling areas should be settled in Sterling. Even Peruvian export taxes and shipping expenses, which must be paid in Peruvian currency (Soles) are to be settled by buying Soles from the Central Bank of Peru and using Peruvian blocked Sterling for that purpose. In case any sales are made by Peruvians to any part of the Sterling area, such as India, and payment has been provided for in a currency other than Sterling, or, for instance, American Dollars, nevertheless the payment shall be converted into and settled in Sterling. Such Sterling may be used only for the purchase of merchandise from Great Britain or for the settlement of debts due to Great Britain, and cannot be sold outside of Peru or transferred to any person or corporation in Peru except to the holder of a registered Sterling account, called "Peruvian Special Account."

It is interesting to trace the effect of such an agreement on an ordinary commercial transaction. Let us assume that a resident of Calcutta has sold to the United States $100,000 of burlap or jute. When shipment is made he takes his bill of lading to his own bank, attaches a draft for $100,000 drawn against his New York customer or that customer's letter of credit, and discounts it at his local bank. He receives Rupees which he needs to pay for his wages, materials and operating expenses, and the balance in registered English Sterling. His bank is required to sell the draft to the Bank of India. The Bank of India is required to sell the draft to the Bank of England. The Bank of England thus receives the Dollars.

Then suppose the Indian merchant desired to buy cotton from Peru and agreed upon all the details of price and shipping except the means of payment. If the Peruvian seller of cotton already had all the registered Peruvian Sterling he desired and asked for U. S. Dollars, the Indian merchant would not be able to comply, first because he could not exchange his Indian Sterling for Dollars without the consent of the British Treasury, and, second, because the terms of the 1942 agreement require all such settlements to be made in Special Peruvian Sterling. If the Peruvian cotton merchant had all the registered Peruvian Sterling he wanted or could use because of lack of shipments of merchandise from Great Britain, he had only one recourse—to make his sale of cotton through a British cotton house which would receive the assistance of the British Treasury in utilizing the Sterling which was available.

Or, if the Indian merchant desires to make a purchase of machinery from the United States, he must make an application to the British Treasury for permission to make use of his registered Sterling account for such an importation. Ordinarily such applications are denied due to the desire of the British Treasury to conserve all its holdings of Dollars.

This type of situation was the reason for the very bitter complaints which were continuously voiced by Indian merchants, of which we heard echoes in this country at the International Conference at Rye last fall. Due to such complaints the British Treasury relaxed its regulations to the extent of permitting the Indians to receive approximately 20% of their sales value in Dollars commencing about May, 1944.

There are about 20 or 21 Trade and Currency agreements in effect. Although the terms differ, the substantial effect is to substitute bilateral barter for international currency in the handling of foreign trade. In the case of the French Agreement, which includes not only continental France but French West Africa, Equatorial Africa, Corsica, Algeria, etc., Great Britain agrees to maintain a credit available to the French of 100 million Pounds Sterling, and the French agree to maintain an equivalent credit of 20 milliards of French Francs available to the Bank of England. It is contemplated that exports from England to France and exports from France to England will be kept at an approximately equal amount over the period of a year, and that any excess due at the end of the year shall not be remitted nor shall remittances be made for imports throughout the year. Payments will be made by charging the amounts against the aforesaid credits, thus in effect eliminating entirely exchange transactions and movements of currency across the Channel. In other words, the French exporter receives for his produce only French Francs supplied by the Bank of France and charged against the credit established in favor of the Bank of England, and the British exporter receives only Pounds Sterling from the Bank of England drawn against the account established by it in favor of the Bank of France. It is stated that the balance at the inception of the agreement is in favor of France (probably represented by blocked French Sterling) and this balance is not to be liquidated.

The obvious effect of the agreements is that French importers will not receive any foreign exchange with which to make purchases in any country other than England, and English exporters to France will receive only Pounds Sterling.

This is a highly refined extension of Dr. Schacht's principle of registered Askimarks, in that the agreement sets up a two-way Askimark system that is applicable to both French Francs and Pounds Sterling. Prior to the war we saw that the Askimark system had already begun to crumble to the point where certain transfers of Askimark credits between contiguous Latin American countries were authorized.

The agreement between the British and the Belgians dated Oct. 5, 1944, is almost an exact replica of the French agreement. The rate of exchange is established at 176.625 Belgian Francs to one Pound Steling, and the Bank of England established a 5,000,000 Pound credit in favor of the National Bank of Belgium, which in turn established an exactly equivalent credit of 883,125,000 Belgian Francs in favor of the Bank of England.

So long as the system envisioned by these trade agreements persists, the commerce of approximately 40% of the world will be reduced to a barter basis and channeled into a series of bilateral exchanges of goods and services.

Since the United States will be outside of the area, any attempt on our part to sell merchandise, not only within the Sterling area but also with the area delineated by these trade agreements, will be greatly hampered and the effect of the Bretton Woods Agreements more or less nullified.

While England may feel the necessity for controlling the use of registered or blocked sterling during the years of reconstruction in order to regain her position in international trade and finance, it is just possible that this may prove a boomerang, not only for England but for the Fund and the whole world of international trade and finance.

These fears are being voiced within the British Empire countries. The Ottawa White Paper on Employment and Income as quoted in the "Financial Post" April 21, 1945, said of the "Sterling Bloc":

"Such long-term agreements will not, in themselves, however, meet fully the international economic problems which will confront the world in the transition period following final victory in the Pacific. Our Allies whose territories have been overrun by the enemy and the United Kingdom, which has spent its substance without stint in the common cause, will face very difficult balance-of-payments problems when Lend-Lease and Mutual Aid come to an end with the close of the Pacific war.

"The government is concerned lest these difficulties should lead to the establishment, even on a temporary basis, of currency or trade blocs applying discriminatory treatment to their trade with other countries. Such a development would contribute to economic disorder, and hamper economic recovery throughout the world.

"The problems which give rise to these possible developments are not to be solved by the nations concerned, acting alone or in exclusive association with the other countries sharing these particular trade difficulties but by international collaboration as far-sighted as that undertaken during the war.

"Convinced that these countries will again establish their trade and industry and that our historic peacetime trade with them can be reestablished, the government is willing to extend to such countries, to enable them to accomplish this transition, adequate credits to finance, to the degree necessary, their import requirements from Canada. In view of the government appropriate terms for repayment of such international debt payments on the expansion of world trade and the ample markets for the exports by which credits must be repaid."

From what I can learn by reading the comments of British bankers and merchants, there is not much enthusiasm or interest in England in this proposed Fund. It is admitted that their government will probably go along if the United States Congress approves the plan. But it has been made abundantly clear that Great Britain intends to control her own currency internally and make such external arrangements as are for her best interests. Russia will certainly be master of her own internal currency problems. Of the Big Three, the United States alone would sacrifice its sovereign control over its currency, and Congress would give up the constitutional powers "to coin money and regulate the value thereof." The provisions for the debasement of the currency of individual countries and by all countries who are members of the Fund seem to me provocative of international disturbances and conflicts more far-reaching than any good that can come out of these provisions.

The Bank

The Bank is to make capital loans, guarantee loans, and participate in loans on a strictly conservative business basis. The wording indicates that great precaution will be taken for the good of both the borrower and the lender, private loans are to be encouraged, but the machinery for this encouragement is not described. The International Bank can serve many useful purposes. No doubt the Bank can be useful for making joint government loans to needy countries and furnish information for the safety of private loans. Such a bank could certainly be helpful in limiting loans to foreign countries to the capacity to pay. The Bank may loan to either governments or firms. But all loans or guarantees must also have the guarantee of their respective governments. While the authorized capital is $10 billion, only 20% is to be paid in or subject to call for the regular purposes of the Bank. The remainder is subject to call when needed to meet obligations of the Banks as a result of defaults of borrowers and their guarantors. The commitments of the Bank are limited to the aggregate authorized capital.

The Board of Directors of the Bank have full discretion with respect to loans. The Bank is to make loans or guarantee loans when it is satisfied that the borrower would otherwise be unable to obtain the loan under reasonable conditions. The Bank is to take great care with respect to the ability of the borrower to pay and to "act prudently in the interests of both particular members in whose territory the project is located and of the members as a whole." The design for the Bank on the whole seems sound and there are reasons to believe that the Bank can perform a service by making loans when and where private capital would hesitate to venture under some conditions. The adequacy of the paid-in funds of the Bank may very well be subject to question. But the purposes of the Bank are restricted, and the larger field of the foreign capital markets will be left open, as they should be, to private investors.

Up to the present I have received no good reason why the Bank of International Settlements should not be reorganized and assigned the functions proposed for both the Bank and the Fund.

A Square Deal Needed in the Foreign Capital Markets

While the proposed Bank to make loans and guarantee loans can serve a useful purpose in restoring stability and order in the international capital markets, the real problem is larger than the scope of this Bank comprehends. An entirely new policy is needed in the matter of the international capital markets. Countries wishing to participate in a freer international trade and finance world should make it abundantly clear that they will protect the capital and interests of foreigners within their borders. Then, instead of lending, investors and speculators able to take the risks should be encouraged to buy into the equities of foreign corporations. Obviously this is not within the functions of a tax-financed Bank to guarantee needy loans. But the real causes of breakdowns in the international financial marbets, as in 1930, have been the inability to pay obligations to foreign countries when due. The advantages of the purchase of foreign stocks over bonds are the elimination of the maturity dates and the direct participation in the industry of foreign countries and not mere money lenders. To a certain extent this is accomplished by the establishment in foreign countries of branches of American corporations. An over-extension of foreign loans, whether by an international bank or private bankers, will have the same dangers in the future as it has had in the past.

7th War Loan Opens

The Seventh War Loan Drive was formally opened with a special radio broadcast the evening of May 13, in which Secretary of the Treasury Morgenthau appealed to his fellow Americans to "accept triumph without relaxation" by giving fullest support to the drive in their purchases of war bonds.

The drive, beginning officially May 14, has as its objective the sale of $7,000,000,000 in bonds to individuals, of which $4,000,000,000 has been ear-marked for purchases of series E bonds, out of an over-all goal of $14,000,000,000. The other $7,000,000,000 worth are to be sold to corporate investors between June 18 and June 30.

Said Mr. Morgenthau, in finishing his address, as quoted in the New York "Times":

"Tomorrow millions of your fellow-Americans—volunteer workers—will begin the tremendous task of enrolling you in the Seventh War Loan Drive. They will appeal to you to do your share—voluntarily, as free people—in finishing the greatest war in the history of the world. Let us demonstrate to the world again that free men—of their own volition—possess the self-discipline to shoulder their responsibilities. The buying of bonds is an act of simple faith—faith in ourselves, faith in the men who fight for us, faith in the future of democracy."

The Seventh Drive will run for 90 days instead of the 60 of past campaigns.

Neutrals Break With Reich

In moves which leave probably Eire (Ireland) the only remaining neutral maintaining relations with Germany, Sweden, Spain, Portugal and Switzerland have severed relations with the Reich, the Associated Press reported from Lisbon, May 7, and from London, May 8.

Portugal gave as reason the fact that there was no longer a legal government in Germany.

The Swiss radio said the Nazi party in that country had been dissolved and its leader deported to Germany.

It was reported that Stockholm went wild with joy over the news of peace in Europe.

Text of Germany's Unconditional Surrender

Below is given the text of "An Act of Military Surrender," signed at Gen. Eisenhower's headquarters, a little red school house in the cathedral town of Reims in France, by Col. Gen. Gustav Jodl (new Chief of Staff of the German Army) for Germany, and by Lieut. Gen. Walter Bedell Smith (Chief of Staff for Gen. Eisenhower) for the Supreme Allied Command; also by Gen. Ivan Susloparoff for the Soviet Union and Gen. Francois Sevez for France, as reported by the Associated Press from Paris, May 8:

1. We the undersigned, acting by authority of the German High Command, hereby surrender unconditionally to the Supreme Commander, Allied Expeditionary Force, and simultaneously to the Soviet High Command all forces on land, sea and in the air who are at this date under German control.

2. The German High Command will at once issue orders to all German military, naval and air authorities and to all forces under German control to cease active operations at 2301 hours (11:01 P. M.) Central European Time on May 8 and to remain in the positions occupied at the time. No ship, or vessel or aircraft is to be scuttled, or any damage done to their hull, machinery or equipment.

3. The German High Command will at once issue to the appropriate commanders and insure the carrying out of any further orders issued by the Supreme Commander, Allied Expeditionary Force and by the Soviet High Command.

4. This act of military surrender is without prejudice to, and will be superseded by, any general instrument of surrender imposed by, or on behalf of, the United Nations and applicable to Germany and the German armed forces as a whole.

5. In the event of the German High Command or any of the forces under their control failing to act in accordance with this act of surrender, the Supreme Commander, Allied Expeditionary Force and the Soviet High Command will take such punitive or other action as they deem appropriate.

Signed at Reims France, at 0241 hours (2:41 A. M.) on the seventh day of May, 1945.

On behalf of the German High Command: JODL.

In the presence of:

On behalf of the Supreme Commander, Allied Expeditionary Force: W. B. SMITH.

On behalf of the Soviet High Command:
IVAN SUSLOPAROFF.

On behalf of the French:
F. SEVEZ.

Immediately afterward Gen. Jodl and his fellow delegate, Gen. Admiral Hans Georg Friedeburg, were received by Gen. Eisenhower who had not been present at the signing. The Supreme Commander asked them sternly, the Associated Press reported, if they understood the surrender terms imposed upon Germany and if they would be carried out by Germany; to which they answered yes.

Delay Proposed in Senate Treaty Debate

Expressing a growing feeling in the Senate for a delay of the previously reported plans to have consideration of the world security treaty undertaken immediately upon conclusion of the San Francisco Conference, Senator Wayne Morse (R.-Ore.) has proposed that the Senate postpone such consideration at least until September in order to permit "full discussion and understanding" by the American people. In reporting the Senator's statement, the United Press, Washington, May 7, said that he had declared the need of making this a people's treaty, understood by all the peoples of the world in order that all might collaborate to make it successful and enduring.

Most Colleges to Halt "Accelerated" Courses

"Accelerated" educational schedules developed in the wartime emergency which put the student through a normal four-year college course in from 28 to 36 months will be discontinued as soon as possible by most American colleges and universities, after demobilized veterans' needs are taken care of, according to a nation-wide survey by Northwestern National Life Insurance Company.

Deans in charge of placement and other placement officials at 62 out of 101 colleges and universities covered in the survey felt that the "acceleration" program has demonstrated serious disadvantages and that the permanent benefits of education obtained under pressure are definitely reduced; their institutions have either already discontinued accelerated schedules or, in cases where there is sufficient need on the part of returning veterans, they plan to continue accelerated programs only until those needs are met.

Officials of only 16 out of 101 colleges and universities definitely expected the accelerated program idea to be continued on a permanent basis, and five of these qualified their answer by such comments as, "Will continue in modified form"; "In most cases it will be a necessary evil," etc. Officials of the remaining 23 schools were uncertain at the present time as to whether or how long any accelerated schedules will be continued.

The prevailing attitude of the educators consulted is that certain improvements in teaching techniques developed during the war, such as increased use of visual education, especially by means of movies, closer vocational guidance, more stress on direct vocational training in some cases, and certain speed-up techniques developed in teaching foreign languages, will be retained. However, many schools have always offered a summer session which, they point out, is available for such individual students as wish to accelerate their own programs.

President Invites Governors to Call

Governors of all the states and territories have been invited by President Truman to cooperate with him in working out Federal and State problems, Associated Press advices from Washington state, May 7. The invitation was extended in a letter written at the President's direction by his chief administrative assistant, Edward McKim, to the governors.

The letter expressed the President's desire to be helpful whenever he can in meeting the many and grave problems which are with us all", and said that "He recognizes that the governors are an integral part of our national system.

"It is his thought, therefore, that he and the governors can work in mutual co-operation to the great benefit of State and Federal government. If, as we go along to complete the unfinished work you are confronted with a problem which the President can help you solve, do not hesitate to ask me for an opportunity for you to discuss it with him. You will find that his latchstring always will be out. I personally shall be glad to arrange for you to see him."

Earnings for 1944 of All Insured Commercial Banks

Net profits after taxes of all insured commercial banks were higher in 1944 than in any other year of deposit insurance, Chairman Leo T. Crowley of the Federal Deposit Insurance Corporation announced on May 10. The reported total in 1944 was $751 million, 18% above that of 1943, and 70% above the 1942 total. Net profits in 1944 represented a return of 9.7% on average total capital accounts, substantially above the 8.8% return in 1943.

Net profits before income taxes were $954 million in 1944, over 12% of average total capital accounts. High earnings were accompanied by higher taxes on net income. Total income taxes of $203 million amounted to 21% of net profits before taxes. State income taxes were $16 million or $2 million above 1943 while Federal income taxes of $187 million were $73 million above last year.

The wartime trend of increasing income on securities and declining income on loans continued during 1944. Prior to 1943, income on loans was the most important earnings item, accounting for approximately 45% of total current operating earnings in the years 1934-1942. In 1942 and 1943 this proportion declined and by 1944 income on loans accounted for less than one-third of total current operating earnings. While the volume of loans outstanding rose moderately during 1944, the average rate of return fell from 3.85% in 1943 to 3.44% in 1944 resulting in the slight decline in total income on loans from $706 million in 1943 to $698 million in 1944. In the last two years, the amount of interest and dividends on securities has increased rapidly and accounted for almost one half of total current operating earnings in 1944. As a result of expanded holdings of U. S. Government obligations, interest and dividends on securities rose to $1,090 million in 1944 compared with $861 million in 1943.

Total current operating expenses rose 8% from 1943 to 1944. Because of the increase in the volume of time and savings deposits, interest paid on these deposits rose in 1944, reversing the downward trend in evidence since 1934. However, the average rate of interest paid continued to decline and was .8% in 1944.

As would be expected in a period of rising prices, losses and charge-offs were low in 1944, amounting to only $266 million, the lowest in the history of Federal deposit insurance. Recoveries on assets and profits on securities sold or redeemed were $362 million in 1944. For the third time since 1934, recoveries and profits exceeded charge-offs.

Of the $751 million of net profits, $253 million, or 34%, were distributed in dividends and interest on capital and $498 million, or 66%, were retained. Total dividends and interest on capital amounted to a return of 3.3% on average total capital accounts. Dividends declared on common stock amounted to 9.2% of the average par value of common stock outstanding. Profits retained added 6.7% to total capital accounts in 1944, in contrast to a 20% increase in total assets.

King Leopold Liberated

It has been announced that Leopold III, King of the Belgians, and his Queen, with eighteen members of their staff and four children, all in good health, have been liberated by the United States 7th Army, at a place eight miles east of Salzburg, the Associated Press reports from this section on May 8. Elements of the American 106th Cavalry Group had to overpower German S. S. (Elite Guard) troops to make the rescue. The royal party is now guarded by Seventh Army troops.

Approve Charter for Labor-Management Partnership

A charter calling for a labor-management partnership to stimulate the highest possible degree of production and employment at wages assuring a steadily advancing standard of living, signed March 28 by leaders of the Chamber of Commerce of the United States, the American Federation of Labor and the Congress of Industrial Organizations, subject to the approval of their organizations, has now been approved by directors of the Chamber, according to the Associated Press from Washington, May 4. The executive council of the AFL has also ratified the charter, a report to the New York "Times" from Washington, May 4 states, adding that the CIO approved it last month by action of its executive board.

Eric Johnston, President of the chamber, said that President Truman had geen informed of ratification and that he had commented that the charter was a fine thing.

NAM Has Not Approved

Johnston said that the National Association of Manufacturers had not yet approved the charter but that discussions were proceeding to reconcile differences between the Chamber and NAM, the Associated Press stated. He added he was certain the NAM would approve it in the end.

House Passes Land Grant Rate Repeal

A bill to abolish the 50% rates allowed by the railroads to the Government in return for lands granted the railroads a century ago, and allow them to charge the Government full transportation rates, has been passed by the House, according to the Associated Press from Washington, May 4. It is estimated, the report states, that the measure would increase the Federal shipping bill by at least $20,000,000 a month, which proponents asserted would be made up to a large extent by increased railroad taxes. They said too that the legislation would still allow the government to negotiate preferential rates when possible.

Rep. Gearhart (R., Minn.) contended that by increasing the Federal bill rates to other shippers would be reduced.

The bill has been sent to the Senate.

Panama S. F. Gold Bonds

The National City Bank of New York, as Fiscal Agent, is notifying holders of Republic of Panama 35-year 5% external secured sinking fund gold bonds, series A, due May 15, 1963, that funds have been received under the Fiscal Agency Contract of June 22, 1928, under which the above entitled bonds were issued, and are now available for distribution (a) as a final payment on account of the interest represented by the May 15, 1941, coupons pertaining to the said bonds, in the amount of $4.90 for each $25 coupon and $2.45 for each $12.50 coupon, and (b) as a partial payment on account of the interest represented by the Nov. 15, 1941, coupons pertaining to the said bonds, in the amount of $16.56 for each $25 coupon and $8.28 for each $12.50 coupon.

The distribution will be made at the office of the Fiscal Agent, the National City Bank of New York, 22 William St., upon surrender of the May 15, 1941, coupons and upon presentation of the Nov. 15, 1941, coupons, accompanied by properly executed letters of transmittal.

Would Make Phila. United Nations Hdqts.

The committee headed by Robert Johnson, President of Temple University, to make Philadelphia the permanent headquarters of the United Nations has issued the following resume, which states in part:

A formal invitation will presently be extended to the United Nations to establish their permanent headquarters in the City of Philadelphia.

It will suggest that there are many sound reasons for the location of these headquarters in the Western Hemisphere and particularly in the United States of America.

The selection of a place within the United States as the permanent headquarters of the United Nations will strengthen the capacity of this hemisphere to serve with unwavering devotion . the cause of universal peace, by acquainting it more intimately, not only with the forms of international cooperation. but also with its deep and underlying significance for the modern world. It will insure throughout our country the establishment of a profound and lasting sense of the interdependence of all nations and all peoples.

The invitation will further suggest that Philadelphia is the place where the new international organization may most fitly be located.

Veterans' Bonus Drive

What he terms an adjusted compensation proposal rather than a bonus bill, Rep. Rankin (D., Miss.) has introduced as an amendment to the G. I. bill of rights, according to the Associated Press from Washington, May 3. The measure calls for payment of $20 a week for a year to any member of the armed forces who served 90 days or more since Sept. 16, 1940, and was not dishonorably discharged; the cost is estimated at $11,000,000,000.

Rankin, who is chairman of the House Veterans' Committee and one of the framers of the Bill of Rights, said the existing provision in the bill for $20-a-week payments to unemployed veterans only "puts a premium on idleness."

The new proposal, he added, "would wipe out this discrimination and treat them all alike."

The adjusted compensation would be in addition to mustering-out pay already provided by law. This ranges from $100 to $300, depending on the length and place of service.

Numerous bonus proposals were introduced earlier for veterans of the present war, but they were tossed aside when the G. I. bill was enacted, according to the Associated Pres..

Congressional leaders predicted privately Rankin's plan might be difficult to head off.

MVA Bill Rejected

A bill to establish a Missouri Valley Authority has been rejected by the Senate Commerce Committee, according to the Associated Press from Washington, May 7, which stated that both President Truman and the late President Roosevelt expressed approval of creating an MVA patterned other Tennessee Valley Authority.

In its report the committee called attention to the more than a billion dollar program authorized last December by Congress for full water development of the Missouri basin and said this offered a "complete program." No additional unifying agency was needed, the report added.

Steel Operations Up Slightly—Cancellations Accelerated—Order Volume Cut—Scrap Lower

"The volume of steel orders in the past week continued in most cases to exceed shipments, but with substantial cancellations in the background, it was apparent this week that a greater decline in new business is in the offing," states "The Iron Age" in its issue today (May 17) which further goes on to say: "The flow of steel cancellations has quickened with a greater acceleration expected in about two weeks. Steel men believe that the cancellation period will last for about 60 days.

"A lag has developed between steel product contract cuts and the appearance of space on mill schedules due in part to the desire of customers to hold their places on steel mill schedules while shopping for new contracts. This condition also partly results from the fact that components manufacturers, whose peacetime product is the same as that for which war contracts have been cancelled, are still holding on to their place on the mills. Soon, however, the contractors whose programs have been cut back will have little desire or excuse to keep steel orders intact.

"Cancellations on steel business this past week were apparent in semi-finished steel items, plates and hot rolled sheets. The plate cancellations stem from Maritime Commission cutbacks, while the semi-finished steel cancellations result mainly from shell steel cutbacks.

"An analysis of order volume last week indicated that while it was high, it was lower than has been the case for many months. In the aggregate, the amount of fresh steel business last week was about 50% lower than the 1945 average to date. Sales statistics on the year to date indicate a drop in the excess over a year ago to about a 25% gain. The latter, however, will be whittled down soon as cancellations mount.

"Cancellation volume in April, although small, was about 50% higher than the average level obtained in the previous 1945 months, largely due to Maritime and aircraft cutbacks. Despite impending reduction in the flow of new orders and the canceling out of some old ones, carryovers in the industry remain heavy. Deliveries on many items are still far extended.

"Orders now on one company's books will account for about 50 weeks' sheet production, 45 weeks' bar production, 30 weeks' tructural output, and at least 65 weeks' rail output. There still remains the probability that a fair mount of such a backlog will be eutralized within the next 60 lays. Yet on the other hand, with ivilian consumers allowed to lace orders for shipment on and fter July 1, when such shipments o not interfere with war busiess or war supporting activity oles in backlogs and schedules ay be rapidly plugged.

"Because of 'mechanical' diffiulty in obtaining approvals and arrying out proper Governmentl regulations in announcing the teel price revisions they are not xpected to be made public until ext Monday or Tuesday. The rogram has been definitely aproved. Product increases, in adition to those made in the inerim price announcement in Janary are expected to include semiinished steel (except skelp), ire rods, spikes, bail ties and hot olled bars. Of the items which ere raised in January, plates, ght rails, nails and galvanized heets are expected to get another mall boost. Items to be adanced are said to be showing a ss to steel companies.

"'The Iron Age' scrap comosite price dropped 9 cents a ross ton this week to $19.08 a ross ton reflecting some weakess at Philadelphia."

The American Iron and Steel nstitute on May 14 announced at telegraphic reports which it ad received indicated that the perating rate of steel companies aving 94% of the steel capacity of the industry will be 95.3% of capactiy for the week beginning May 14, compared with 95.1% one week ago, 91.9% one month ago and 99.2% one year ago. The operating rate for the week beginning May 14 is equivalent to 1,745,500 tons of steel ingots and castings, compared to 1,741,900 tons one week ago, 1,683,300 tons one month ago, and 1,777,000 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, stated in part as follows:

"While considerable volume of steel cancellations has followed the close of the European phase of the war it has had little effect so far on nearby deliveries, being mainly confined to material scheduled for remote delivery.

"Even with these cancellations mills are still loaded with heavy backlogs and deliveries are well extended on many products, including sheets, carbon bars, seamless tubing and some wire items. Some producers still are quoting delivery into next year on hot and cold-rolled and galvanized sheets, special quality bars and wire. Cancellations have not yet opened schedule gaps for early delivery. However, overall future positions in all these items have eased and that the remote schedules are more effective than nearby positions is ascribed to the nature of the cancellations and to the fact that producers are behind on current deliveries. Some makers of sheets and bars, as an example, are delayed a month or two months on their promises.

"Despite mounting volume of cancellations most steel producers expect no sharp drop in steel output over the next several weeks because of the oversold position of mills and because too many essential civilian needs are pressing for action. It is believed that such decline as may develop over the remainder of this quarter will be due principally to changes in specifications.

"Meanwhile, further limitation orders are being relaxed to facilitate shifting steel now on order for the war program into civilian work. The latest include a number discontinuing simplification and standardization controls over certain steel products and items manufactured from steel, such as portable tools, band saws, and machine tool accessories.

"Pig iron shows no effect of the war's end and competent observers expect little alteration in demand. Backlogs of needs for castings for civilian products are sufficient to keep foundry consumption at as high a rate as labor supply will allow and steelmaking iron is expected to be in demand for sometime, regardless of the limited cutbacks in steel output expected to follow. Practically every blast furnace able to produce is in service or under repair. Lack of full scrap supply causes more pig iron to be used in furnace mixtures."

* * *

House Group Approves Extending RFC

Legislation to extend the Reconstruction Finance Corp. Act, and increase to $595,000,000 meat subsidies which RFC may pay, was approved by the House Banking and Currency Committee unanimously, according to United Press advices from Washington, May 2, which mention that the Act is scheduled to expire June 30.

Broderick, Jackson To Head Banks Group For New York Fund

Joseph A. Broderick, President of the East River Savings Bank, New York, has accepted the Chairmanship of the Savings Banks Division for the Greater New York Fund's 1945 campaign, it has been announced recently by the Fund's Finance Section Chairman Harry M. Addinsell, Chairman of the Executive Committee of the First Boston Corp.

"I am more than pleased to be given this opportunity to serve my community," said Mr. Broderick on accepting his position with the Fund, "and to be associated with business and civic leaders of this city in directing the efforts of the Fund in its 1945 appeal.

Mr. Addinsell also announced that N. Baxter Jackson, First Vice-President of the Chemical Bank and Trust Co. of New York, has been appointed Chairman of the Commercial Banks and Trust Companies Division of the Greater New York Fund, whose 1945 appeal was opened May 2.

"Last year this division proved its appreciation of the great service rendered to this community by the 408 local hospitals, health and welfare agencies sharing in the Fund, by substantially exceeding its quota with gifts totalling $370,330.15," said Mr. Addinsell. I am confident they will do as well, and perhaps even better, in this year's campaign."

A total of $22,500,000 in voluntary contributions is needed this year by the 408 hospitals, health and welfare agencies participating in the Fund to maintain their present standards of community welfare service.

Miss Dorcas Campbell, Assistant Secretary of the East River Savings Bank, is serving as a committee member of the Savings Bank Division.

* * *

Early Tax Relief Held Unlikely by George

In spite of conflicting views on Capitol Hill regarding the possibility of early tax relief, agreement on a five-point program proposed by Treasury and Congressional experts seemed to be reached by Senator Walter F. George (D.-Ga.) chairman of the Senate Finance Committee, Representative Robert L. Doughton (D.-N. C.) chairman of the House Ways and Means Committee, and Secretary of the Treasury Morgenthau, according to Associated Press advices from Washington, May 11. The five-point program proposes no changes in corporation or individual income rates, but is designed to accelerate the flow of the 10% excess profits tax credit and tax refunds accruing to business under present law.

Small corporations would be the chief beneficiaries, through an increase in the specific exemption from excess profits taxes.

Senator George earlier had expressed himself in favor of substantial reductions in both corporation and individaul income taxes, to be made effective in 1946, even considering that the war with Japan might last another year.

Chairman Doughton said that he expected measures to be taken soon to assist business, but that "there is no justification" for expecting big reductions now in individual and corporation income levies. He added, "We've got to cut spending before we can cut taxes."

Secretary Morgenthau declared that the administration was opposed to any reduction of taxes until Japan was defeated. Said he, "The administration position has not changed with regard to the need for all revenues we can get during the war."

(Earlier reference to tax relief proposals was made in our issue of May 10, page 2091.)

The State of Trade

(Continued from page 2198)

came close to their number last year but showed an equally slight gain over the prior week.

In all industry and trade groups except manufacturing there was only one concern failing this year for every two in the comparable week a year ago, while in manufacturing failures were three times as heavy as in the preceding week and about equaled last year's number.

For the second consecutive week there were no Canadian failures. Only one Canadian failure was reported in the corresponding week of 1944.

Wholesale Food Price Index—The wholesale food price index, compiled by Dun & Bradstreet, Inc., registered $4.09 as of May 8, a decline of .01 point from the previous week, but a rise of 1.5% above the corresponding date a year ago, when it stood at $4.03. Advances this week occurred in rye and steers, while oats, potatoes and lambs showed declines.

The index represents the sum total of the price per pound of 31 foods in general use.

Retail and Wholesale Trade—Rainy weather and V-E Day store closings curtailed retail trade volume below a week earlier for the country as a whole, Dun & Bradstreet, Inc., currently reports. A slight tapering off in seasonal buying of men's and women's furnishings and ready-to-wear was noted. A greater consumer consideration for values and utility was given as one of the reasons for the decline. Shortages, particularly in staple merchandise, are becoming more apparent and adversely affecting volume. On the other hand, where stocks are available there has been noted a substantial increase over that of a year ago.

Main floor departments, especially items suitable for Mother's Day gifts, received a greater share of the week's promotional activity and retail volume. In women's apparel, summer dresses and sportswear were sales leaders, and also prominent was the turnover in blouses, wool sweaters, bathing suits, short coats and suits. Men's clothing sales were held down, due principally to inadequate stocks.

Business in housefurnishings departments remained somewhat spotty this week; depleted, narrow assortment was still the main cause. Demand ran heavy in novelty linen towels and luncheon sets, with stocks being disposed of almost as soon as being received. Jewelers report a heavy sale of silverware, with the condition of stocks very low. A seasonal increase in hardware sales also took place in the week. A moderate decline occurred in food volume the past week, with some commodities in scant supply and higher ration point requirements holding down potential sales somewhat.

Full effect of the V-E Day store closings throughout the country has not been measured. Early estimates indicate the week's total retail volume dropped to a 3% to 6% increase over a year ago. Regional percentage increases were: New England and the East, 2 to 5; Middle West, 1 to 3; Northwest, 4 to 7; South and Southwest, 3 to 6; Pacific Coast, 5 to 8.

Much of the same influences that beset the retail markets were present in wholesale lines the past week. Demand for all kinds of merchandise was high in the week, but was met by a lack of offerings. In the textile markets last week demand for worsted yarn and wool tops was urgent, with most supplies still going to military uses.

Reports state that some buyers of fall cloths have already entered the New York apparel markets. The number of arrivals the past week was higher than the last two weeks and also above the corresponding period a year ago.

A slight increase in wholesale grocery sales took place in the week over that of the corresponding week of 1944. In the canned goods lines, especially in sea foods, demand was well ahead of supplies. The meat shortage has resulted in declines in volume from last year's figure.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, were 4% ahead of that of a year ago for the week ended May 5, 1945. This compared with a gain of 10% in the preceding week. For the four weeks ended May 5, 1945, sales increased by 9%, and for the year to date by 13%.

A combination of V-E Day store closings and prolonged rainy weather adversely affected retail trade here in New York last week. Department store sales in the week were under those for the like week one year ago. The weekly volume of both wholesale and retail grocery lines also reflected declines for the same reasons.

The news of the easing of some restrictions by the WPB following V-E Day was received favorably by wholesale markets, but it was realized that supplies of metal and wood merchandise will be unavailable in quantity for some time to come. At present there is no indication of any easing in the textile apparel situation.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to May 5, 1945, increased by 3% above the same period of last year. This compared with a gain of 14% in the preceding week. For the four weeks ended May 5, 1945, sales rose by 10%, and for the year to date by 14%.

* * *

President Upholds "Little Steel" Formula

President Truman has indicated his support of wage and other stabilization controls by answering the query as to whether he has any new views on labor demands for an upward revision of the "Little Steel" formula with the statement that his position remains unchanged, according to the Associated Press from Washington, May 2. Saying that he felt the same way as he did while Vice-President when he told a CIO delegation from Missouri that he could not agree with their demands for an increase in over-all wage rates above the "Little Steel" formula. This formula limits basic pay increases to 15% of the Jan. 1, 1941, levels.

* * *

House Votes Treaty Power

The House of Representatives has passed by roll-call vote of 288 to 88 a resolution to submit to the states a constitutional amendment requiring ratification of treaties by a majority vote of both the Senate and the House, instead of as at present with a two-thirds vote of the Senate being necessary and the House having no voice at all, Associated Press advices state from Washington, May 9.

The measure now goes to the Senate. But there were indications that the House action may be futile, since the Senate Judiciary Committee, which will receive the legislation, already has announced it will not consider any constitutional amendment proposals until after the war.

Wholesale Prices Unchanged in May 5 Week

The Bureau of Labor Statistics index of commodity prices at the primary market level remained unchanged during the first week of May at the peak reached at the end of April, 105.7% of the 1926 average, announced the U. S. Department of Labor in its report issued May 10, which further said: Slightly lower prices for agricultural commodities such as cattle and sheep and for apples, oranges, and onions were offset by the increase in coal prices effective May 1 and by minor advances for lumber, meats, and grains. Since the first week of April, the all-commodity index has risen 0.6% and was nearly 2% higher than at this time last year.

The Labor Department continued:

"Farm Products and Foods—Average prices for farm products in primary markets declined 0.5% during the week. Livestock and poultry dropped 0.4% with lower prices reported for cows, calves, steers, and sheep. Live poultry on the contrary advanced nearly 1.5%. In the grain markets slightly lower prices for wheat and rye were more than offset by higher prices for corn with the result that grain prices on the whole were up 0.1% over the preceding week. Cotton advanced 0.4%. Substantial decreases occurred in prices for apples, oranges, onions, and hay, while potatoes were higher in most markets and lemons also advanced. Prices for farm products as a group have risen 2% since early in April and were more than 5% higher than for the first week in May last year.

"The levels of food prices in primary markets remained unchanged during the week. A decrease of 0.3% for fruits and vegetables and a slight decline in quotations for wheat flour were offset by higher prices for rye flour and for dressed poultry. In the past four weeks average prices for foods have advanced 1.5%.

"Industrial Commodities—There were few important changes in industrial commodity markets. Somewhat higher prices for bituminous coal resulted from the increases granted producers by OPA, effective May 1, to compensate in part for higher costs brought about by the recent increase in miners wages. The increase of 0.3% in bituminous coal prices over the week represents a partial reflection of that development. Quotations for anthracite rose 0.2%. The mercury market was stronger during the week and prices advanced 0.6%. The fractional increase in average prices for lumber resulted from higher quotations for certain types of Ponderosa pine. Turpentine advanced slightly and butyl acetate declined about 2% because of reduced costs of raw materials."

The Labor Department included the following notation in its report:

Note—During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) indexes for the principal groups of commodities for the past three weeks, for April 7, 1945 and May 6, 1944, and (2) the percentage changes in subgroup indexes from April 28, 1945 to May 5, 1945.

WHOLESALE PRICES FOR WEEK ENDED MAY 5, 1945
(1926=100)

Commodity Groups—	5-5 1945	4-28 1945	4-21 1945	4-7 1945	5-6 1944	Percentage change to May 5, 1945 from— 4-28 1945	4-7 1945	5-6 1944
All commodities	105.7	105.7	105.6	105.1	103.7	0	+0.6	+ 1.9
Farm products	129.8	130.5	129.5	127.2	123.3	—0.5	+2.0	+ 5.3
Foods	106.5	106.5	105.7	104.9	105.0	0	+1.5	+ 1.4
Hides and leather products	118.3	118.3	118.3	118.3	117.6	0	0	+ 0.6
Textile products	99.1	99.1	99.1	99.2	97.3	0	—0.1	+ 1.8
Fuel and lighting materials	84.0	83.9	83.9	84.0	83.7	+0.1	0	+ 0.4
Metals and metal products	104.3	104.3	104.3	104.3	103.8	0	0	+ 0.5
Building materials	117.0	117.0	117.0	117.0	115.0	0	0	+ 1.7
Chemicals and allied products	94.9	94.9	94.9	94.9	95.5	0	0	— 0.6
Housefurnishing goods	106.2	106.2	106.2	106.2	106.0	0	0	+ 0.2
Miscellaneous commodities	94.6	94.6	94.6	94.6	93.3	0	0	+ 1.4
Raw materials	117.8	118.2	117.7	116.1	113.3	—0.3	+1.5	+ 4.0
Semimanufactured articles	94.8	94.8	94.8	94.9	93.5	0	—0.1	+ 1.4
Manufactured products	102.0	101.9	101.9	101.9	101.0	+0.1	+0.1	+ 1.0
All commodities other than farm products	100.4	100.3	100.3	100.3	99.5	+0.1	+0.1	+0.9
All commodities other than farm products and foods	99.5	99.5	99.5	99.5	98.6	0	0	+ 0.9

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM
APRIL 28, 1945 TO MAY 5, 1945

Increases			
Bituminous coal	0.3	Meats	0.2
Anthracite	0.2	Grains	0.1
Lumber	0.1		
Decreases			
Other farm products	0.7	Fruits and vegetables	0.3
Livestock and poultry	0.4	Cereal products	0.1

Bank Debits for Month of April

The Board of Governors of the Federal Reserve System issued on May 10 to its usual monthly summary of "bank debits," which we give below:

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

Federal Reserve District—	April 1945	April 1944	—3 Months Ended— April 1945	April 1944
Boston	3,528	3,297	10,385	10,265
New York	32,013	27,592	97,558	89,741
Philadelphia	3,297	2,985	9,769	9,469
Cleveland	4,799	4,543	14,033	13,775
Richmond	2,565	2,370	7,869	7,526
Atlanta	2,471	2,288	7,623	7,290
Chicago	11,030	10,210	34,142	33,794
St. Louis	2,074	1,931	6,217	5,920
Minneapolis	1,295	1,279	3,814	4,064
Kansas City	2,410	2,173	7,403	6,786
Dallas	2,095	1,966	6,445	6,060
San Francisco	6,554	6,087	20,184	18,807
Total, 334 centers	74,131	66,719	225,442	213,496
*New York City	29,413	25,297	90,362	82,533
*140 other centers	37,838	34,944	114,269	110,825
193 other centers	6,880	6,478	20,811	20,139

*Included in the national series covering 141 centers, available beginning in 1919.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table.

MOODY'S BOND PRICES†
(Based on Average Yields)

1945— Daily Averages	U.S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
May 15	122.19	115.24	120.63	118.60	115.43	107.27	112.19	114.46	119.20
14	122.21	115.24	120.63	118.60	115.43	107.27	112.19	114.46	119.41
12	122.26	115.24	120.84	118.40	115.63	107.09	112.19	114.46	119.20
11	122.26	115.24	120.84	118.40	115.43	107.09	112.19	114.46	119.41
10	122.28	115.24	120.84	118.40	115.43	107.09	112.19	114.46	119.41
9	122.34	115.24	120.84	118.40	115.43	107.09	112.19	114.27	119.41
8	122.38	115.24	120.84	118.40	115.24	107.09	112.19	114.27	119.41
7	122.38	115.24	120.84	118.20	115.43	107.09	112.19	114.27	119.41
5	122.38	115.24	120.84	118.40	115.43	107.09	112.19	114.27	119.41
4	122.38	115.24	120.84	118.40	115.24	107.09	112.00	114.27	119.41
3	122.38	115.04	120.63	118.40	115.24	106.92	112.00	114.27	119.41
2	122.38	115.24	120.84	118.40	115.24	107.09	112.19	114.27	119.41
1	122.36	115.24	120.84	118.40	115.24	107.09	112.19	114.27	119.41
Apr. 27	122.38	115.24	120.84	118.40	115.04	107.09	112.19	114.27	119.20
20	122.44	115.04	120.84	118.40	115.04	106.56	111.81	114.27	119.20
13	122.59	115.04	120.84	118.60	115.04	106.56	111.81	114.46	119.20
6	122.21	115.04	120.84	118.40	115.04	106.39	111.44	114.46	119.20
Mar. 31	122.01	114.85	121.04	118.40	114.85	106.04	111.25	114.27	119.20
23	122.19	115.04	121.04	118.60	114.85	106.21	111.44	114.27	119.41
16	122.25	115.04	120.84	118.80	114.66	106.39	111.07	114.46	119.41
9	122.47	114.85	120.63	118.60	114.66	106.21	110.88	114.46	119.41
2	122.05	114.66	120.43	118.60	114.46	106.21	110.70	114.27	119.61
Feb. 23	121.92	114.66	120.02	118.60	114.46	106.04	110.52	114.08	119.41
16	121.97	114.46	120.02	118.60	114.27	105.69	110.15	114.08	119.41
9	121.58	114.27	119.82	118.40	114.08	105.69	109.97	114.08	119.20
2	121.33	114.08	119.82	118.00	113.89	105.34	109.60	114.08	118.80
Jan. 26	120.88	113.89	119.41	118.00	113.70	105.17	109.24	113.89	118.60
High 1945	122.59	115.24	121.04	118.80	115.63	107.27	112.19	114.46	119.61
Low 1945	120.55	113.50	118.80	117.80	113.31	104.48	108.52	113.70	118.20
1 Year Ago									
May 15, 1944	119.48	112.00	118.40	116.80	111.81	101.80	105.69	113.89	116.61
2 Years Ago									
May 15, 1943	119.27	109.97	118.00	115.63	110.70	97.47	101.80	113.12	116.02

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
May 15	1.65	2.89	2.62	2.72	2.88	3.32	3.05	2.93	2.69
14	1.64	2.89	2.62	2.72	2.88	3.32	3.05	2.93	2.68
12	1.64	2.83	2.61	2.73	2.87	3.33	3.05	2.93	2.69
11	1.64	2.89	2.61	2.73	2.88	3.33	3.05	2.93	2.68
10	1.64	2.89	2.61	2.73	2.88	3.33	3.05	2.93	2.68
9	1.64	2.89	2.61	2.73	2.88	3.33	3.05	2.94	2.68
8	1.63	2.89	2.61	2.73	2.89	3.33	3.05	2.94	2.68
7	1.63	2.89	2.61	2.74	2.88	3.33	3.05	2.94	2.68
5	1.63	2.89	2.61	2.73	2.88	3.33	3.05	2.94	2.68
4	1.63	2.89	2.61	2.73	2.89	3.33	3.06	2.94	2.68
3	1.63	2.90	2.62	2.73	2.89	3.34	3.06	2.94	2.68
2	1.63	2.89	2.61	2.73	2.89	3.33	3.05	2.94	2.68
1	1.63	2.89	2.61	2.73	2.89	3.33	3.05	2.94	2.68
Apr. 27	1.63	2.89	2.61	2.73	2.90	3.33	3.05	2.94	2.69
20	1.63	2.90	2.61	2.73	2.90	3.36	3.07	2.94	2.69
13	1.62	2.90	2.61	2.72	2.90	3.36	3.07	2.93	2.69
6	1.64	2.90	2.61	2.73	2.90	3.37	3.09	2.93	2.69
Mar. 31	1.66	2.91	2.60	2.73	2.91	3.39	3.10	2.94	2.69
23	1.65	2.90	2.60	2.72	2.91	3.38	3.09	2.94	2.68
16	1.65	2.90	2.61	2.71	2.92	3.37	3.11	2.93	2.68
9	1.66	2.91	2.62	2.72	2.92	3.38	3.12	2.93	2.68
2	1.69	2.92	2.63	2.72	2.93	3.38	3.13	2.94	2.67
Feb. 23	1.69	2.92	2.65	2.72	2.93	3.39	3.14	2.95	2.68
16	1.69	2.93	2.65	2.72	2.94	3.41	3.16	2.95	2.68
9	1.72	2.94	2.66	2.73	2.95	3.41	3.17	2.95	2.69
2	1.73	2.95	2.66	2.75	2.96	3.43	3.19	2.95	2.71
Jan. 26	1.77	2.96	2.68	2.75	2.97	3.44	3.21	2.96	2.72
High 1945	1.80	2.98	2.71	2.76	2.99	3.48	3.25	2.97	2.74
Low 1945	1.62	2.89	2.60	2.71	2.87	3.32	3.05	2.93	2.67
1 Year Ago									
May 15, 1944	1.85	3.06	2.73	2.81	3.07	3.64	3.41	2.96	2.82
2 Years Ago									
May 15, 1943	1.92	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.85

*These prices are computed from average yields on the basis of one "typical" bond 3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Electric Output for Week Ended May 12, 1945 Exceeds That for Same Week Last Year by 1.5%

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended May 12, 1945, was approximately 4,302,381,000 kwh., which compares with 4.238.375,000 kwh. in the corresponding week a year ago, and 4.397,330,000 kwh. in the week ended May 5, 1945. The output of the week ended May 12, 1945, was 1.5% in excess of that for the same week last year.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— May 12	May 5	April 28	April 21
New England	*0.5	4.1	2.3	1.0
Middle Atlantic	*3.0	1.6	*3.4	*3.0
Central Industrial	1.9	5.1	3.8	1.7
West Central	7.9	8.5	7.6	8.7
Southern States	8.9	8.4	7.7	8.3
Rocky Mountain	6.0	5.6	5.7	7.2
Pacific Coast	*2.0	0.4	*2.3	*1.6
Total United States	1.5	3.9	1.8	1.5

*Decrease under similar week in previous year.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1945	1944	% Change over 1944	1943	1932	1929
Feb. 3	4,538,552	4,524,134	+ 0.3	3,960,242	1,578,817	1,726,161
Feb. 10	4,505,269	4,532,730	— 0.6	3,939,708	1,545,459	1,718,304
Feb. 17	4,472,298	4,511,562	— 0.9	3,948,749	1,512,158	1,699,250
Feb. 24	4,473,962	4,444,939	+ 0.7	3,892,796	1,519,679	1,706,719
March 3	4,472,110	4,464,686	+ 0.2	3,946,630	1,538,452	1,702,570
March 10	4,446,136	4,425,630	+ 0.5	3,944,679	1,537,747	1,687,229
March 17	4,397,529	4,400,246	— 0.1	3,946,836	1,514,553	1,683,262
March 24	4,401,716	4,409,159	— 0.2	3,928,170	1,480,208	1,679,583
March 31	4,329,478	4,408,703	— 1.8	3,889,858	1,465,076	1,633,291
April 7	4,321,794	4,361,094	— 0.9	3,882,467	1,480,738	1,696,543
April 14	4,332,400	4,307,498	+ 0.6	3,916,794	1,469,810	1,709,331
April 21	4,411,325	4,344,188	+ 1.5	3,925,175	1,454,505	1,699,822
April 28	4,415,889	4,336,247	+ 1.8	3,866,721	1,429,032	1,688,434
May 5	4,397,330	4,233,756	+ 3.9	3,903,723	1,436,928	1,698,942
May 12	4,302,381	4,238,375	+ 1.5	3,969,161	1,435,731	1,704,426
May 19		4,245,678		3,992,250	1,425,151	1,705,460
May 26		4,291,750		3,990,040	1,381,452	1,615,085

War Costs to Total $275,703 Millions

The United States Treasury Department announced on May 8 that during this war the Government has spent $275,703,000,000 up to May 5, 1945. In comparing the cost of this war with that of all others the statement showed that from 1789 to 1940 the United States spent $173 billion, while from July, 1940 to May, 1945 we have spent $300 billion. During the nation's six war loan drives, $81 billion was raised, while net receipts consisted of taxes on individuals and corporations amounted to more than $124 billion.

The Associated Press reported from Washington:

In addition to war spending the Government (including Government corporations) has spent about $30,000,000,000 for purposes not labeled "war" since July 1, 1940—bringing total Federal expenditures during that period of less than five years to more than $305,000,000,000.

The costs of other wars to the United States were given as follows:

Revolutionary—No dependable estimate available. About $70,000,000 paid in pensions.

War of 1812—No exact figures available. Unofficial estimate $133,700,000.

Mexican War—No exact figures available. Unofficial estimate $166,000,000.

Civil War—In excess of $15,000,000,000, including pensions.

War with Spain—In excess of $2,000,000,000, including pensions.

World War—To June 30, 1921, $25,729,000,000. Continuing costs such as pensions, interest, etc., from 1921 to June 30, 1934, have been $16,036,000,000. Total to June 30, 1934, was $41,765,000,000.

Treasury Estimates Continued War Spending

The Seventh War Loan, opening May 14 with a $7,000.000.000 goal for individuals, is indicative of the gigantic financial task still confronting the nation for war spending, according to Ted R. Gamble, director of the Treasury Department's War Finance Division, the Associated Press stated from Washington, May 10.

Treasury officials explained that war production will continue heavy for the Japanese conflict and that even when cutbacks occur they are not reflected immediately in reductions in expenditures.

War spending in April was $7,139,000,000. The average for the first four months of the year. January through April, was $7,471,000,000. The average for the calendar year 1944 was $7,444,000,000 a month.

In a telegram to all state war finance chairmen, Mr. Gamble said that the job of the war finance organization is "more imperative at this particular moment than at any time during the lifetime of this important home-front program."

He said it was imperative "from the point of view of raising money to pay for the war ahead and raising it from the sources best designed to combat inflation."

Those sources are individual bond buyers.

Moody's Daily Commodity Index

Tuesday May 8, 1945	256.8
Wednesday, May 9	256.9
Thursday, May 10	256.7
Friday, May 11	256.8
Saturday, May 12	257.1
Monday May 14	256.8
Tuesday, May 15	256.8
Two weeks ago, May 1	256.7
Month ago, April 13	255.8
Year ago, May 15, 1944	249.6
1945 High, May 12	257.1
Low, Jan. 24	252.1

Trading on New York Exchanges

The Securities and Exchange Commission made public on May 9 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended April 21, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended April 21 (in round-lot transactions) totaled 2,997,206 shares, which amount was 13.64% of the total transactions on the Exchange of 10,988,000 shares. This compares with member trading during the week ended April 14 of 1,812,975 shares, or 15.56% of the total trading of 5,824,290 shares. On the New York Curb Exchange, member trading during the week ended April 21 amounted to 682,175 shares, or 14.85% of the total volume on that exchange of 2,296,695 shares. During the April 14 week trading for the account of Curb members of 456,885 shares was 15.53% of the total trading of 1,471,235.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED APRIL 21, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	354,330	
‡Other sales	10,633,670	
Total sales	10,988,000	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	816,410	
Short sales	167,880	
‡Other sales	696,460	
Total sales	864,340	7.65
2. Other transactions initiated on the floor—		
Total purchases	317,190	
Short sales	41,400	
‡Other sales	285,090	
Total sales	326,490	2.93
3. Other transactions initiated off the floor—		
Total purchases	297,913	
Short sales	50,000	
‡Other sales	324,863	
Total sales	374,863	3.06
4. Total—		
Total purchases	1,431,513	
Short sales	259,280	
‡Other sales	1,306,413	
Total sales	1,565,693	13.64

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED APRIL 21, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	36,060	
‡Other sales	2,260,635	
Total sales	2,296,695	
B. Round-Lot Transaction for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	172,270	
Short sales	19,520	
‡Other sales	197,340	
Total sales	216,860	8.47
2. Other transactions initiated on the floor—		
Total purchases	66,410	
Short sales	7,600	
‡Other sales	69,180	
Total sales	76,780	3.12
3. Other transactions initiated off the floor—		
Total purchases	57,580	
Short sales	5,700	
‡Other sales	86,575	
Total sales	92,275	3.26
4. Total—		
Total purchases	296,260	
Short sales	32,820	
‡Other sales	353,095	
Total sales	385,915	14.85
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	84,228	
Total purchases	84,228	
Total sales	77,677	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Civil Engineering Construction $38,910,000 for Week

Civil engineering construction volume for the continental United States totals $38,910,000 this week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 4% lower than in the preceding week and 8% below the total for the corresponding 1944 week, but is 16% higher than the previous four-week moving average as reported to "Engineering News-Record." The report issued on May 10 continued as follows:

Public construction tops last week by 26%, and is 22% higher than in the week last year as a result of gains in both Federal and State and municipal work. Private work, on the other hand, is 68% lower than a week ago and 70% under a year ago.

The current week's construction brings 1945 volume to $600,072,000 for the 19 weeks of the year, a decrease of 12% from the $679,227,000 reported in the 1944 period. Private construction, $174,889,000, is up 14% compared with last year, but public construction, $425,183,000, is down 19%. Federal volume, $344,084,000, is 25% below a year ago and is responsible for the public decrease as State and municipal work is 25% higher than in the 1944 period.

Civil engineering construction volumes for the 1944 week, last year, and the current week are:

	May 11, 1944	May 3, 1945	May 10, 1945
Total U. S. construction	$42,209,000	$40,576,000	$38,910,000
Private construction	13,822,000	13,038,000	4,208,000
Public construction	28,387,000	27,538,000	34,702,000
State and municipal	6,807,000	8,185,000	11,902,000
Federal	21,580,000	19,353,000	22,800,000

In the classified construction groups, gains over last week are in sewerage, bridges, public buildings, earthwork and drainage, and streets and roads. Increases over the 1944 week are in water works, sewerage, bridges, public buildings, earthwork and drainage, and streets and roads. Subtotals for the week in each class of construction are: water works, $751,000; sewerage, $581,000; bridges, $2,067,000; industrial buildings, $2,584,000; commercial building and large-scale private housing, $400,000; public buildings, $17,636,000; earthwork and drainage, $909,000; streets and roads, $9,369,000, and unclassified construction, $4,613,000.

New capital for construction purposes for the week totals $179,525,000. It is made up of $3,198,000 in State and municipal bond sales, $19,954,000 in corporate security issues, and $156,373,000 in Federal appropriations from the first Deficiency Appropriation Act of 1945. The current week's new financing brings the 1945 volume to $469,365,000, a total 14% above the $412,152,000 reported for the corresponding 19 weeks of 1944.

Post-War Construction Planning Volume $20.7 Billion

Identified and recorded engineering construction projects proposed for construction in the post-war years total $20,715,964,000, according to reports to "Engineering News-Record," in the period from Jan. 1, 1943 through May 3, 1945. On post-war projects valued at $8,789,191,000, 42% of the total, plans are under way or completed, and on $1,230,813,000 worth of projects all financing arrangements have been completed.

Weekly Coal and Coke Production Statistics

The total production of soft coal in the week ended May 5, 1945, is estimated by the Bureau of Mines at 10,820,000 net tons, a decrease of 1,420,000 tons, or 11.6%, from the preceding week, according to the United States Department of the Interior. Output in the corresponding week of 1944 was 11,854,000 tons. The total production of soft coal from Jan. 1 to May 5, 1945, is estimated at 205,401,000 net tons, a decrease of 8.0% when compared with the 223,163,000 tons produced during the period from Jan. 1 to May 6, 1944.

Production of Pennsylvania anthracite for the week ended May 5, 1945, as estimated by the Bureau of Mines, was 289,000 tons, a decrease of 1,074,000 tons(78.8%) from the preceding week. This sharp drop was due to the walkout of the hard coal miners. When compared with the output in the corresponding week of 1944 there was a decrease of 989,000 tons, or 77.4%. The calendar year to date shows a decrease of 16.2% when compared with the same period in 1944.

The Bureau also reported that the estimated production of beehive coke in the United States for the week ended May 5, 1945 showed an increase of 1,800 tons when compared with the output for the week ended April 28, 1945; but was 9,800 tons less than for the corresponding period of 1944.

ESTIMATED UNITED STATES PRODUCTION OF BITUMINOUS COAL AND LIGNITE IN NET TONS

	Week Ended			Jan. 1 to Date	
Bituminous coal & lignite—	May 5, 1945	*Apr. 28, 1945	May 6, 1944	†May 5, 1945	May 6, 1944
Total, including mine fuel	10,820,000	12,240,000	11,854,000	205,401,000	223,163,000
Daily average	1,803,000	2,040,000	1,976,000	1,923,000	2,061,000

*Revised. †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	‡May 5, 1945	§Apr. 28, 1945	May 6, 1944	May 5, 1945	May 6, 1944	May 8, 1937
*Total incl. coll. fuel	289,000	1,363,000	1,278,000	19,250,000	22,963,000	20,512,000
†Commercial produc.	277,000	1,308,000	1,227,000	18,479,000	22,044,000	19,486,000
Beehive coke—						
United States total	133,000	131,200	142,800	2,003,200	2,749,200	1,317,600

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF BITUMINOUS COAL AND LIGNITE, BY STATES, IN NET TONS

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended		
State—	Apr. 28, 1945	Apr. 21, 1945	Apr. 29, 1944
Alabama	362,000	186,000	361,000
Alaska	7,000	7,000	6,000
Arkansas and Oklahoma	78,000	62,000	86,000
Colorado	146,000	150,000	164,000
Georgia and North Carolina	1,000	1,000	*
Illinois	1,464,000	1,448,000	1,531,000
Indiana	537,000	460,000	520,000
Iowa	42,000	39,000	45,000
Kansas and Missouri	120,000	118,000	138,000
Kentucky—Eastern	1,033,000	968,000	952,000
Kentucky—Western	395,000	363,000	383,000
Maryland	38,000	37,000	38,000
Michigan	3,000	3,000	5,000
Montana (bitum. & lignite)	85,000	70,000	97,000
New Mexico	30,000	28,000	38,000
North & South Dakota (lignite)	41,000	39,000	28,000
Ohio	782,000	666,000	693,000
Pennsylvania (bituminous)	2,968,000	2,667,000	2,995,000
Tennessee	136,000	114,000	141,000
Texas (bituminous & lignite)	1,000	1,000	2,000
Utah	138,000	134,000	146,000
Virginia	370,000	353,000	410,000
Washington	24,000	26,000	29,000
†West Virginia—Southern	2,165,000	2,045,000	2,336,000
‡West Virginia—Northern	1,082,000	1,088,000	1,001,000
Wyoming	192,000	177,000	192,000
§Other Western States	*	*	*
Total bituminous & lignite	12,240,000	11,250,000	12,337,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

Regulations Set for Saving Banks In Housing Projects

The Banking Board has prescribed regulations for participation by savings banks of New York State in housing projects, in accordance with the provisions of a bill signed by Gov. Thomas E. Dewey on Mar. 28, it was announced on May 10 by Elliott V. Bell, Superintendent of Banks.

The effect of the new law is to permit savings banks to invest up to about $300,000,000 of their funds in housing corporations formed to undertake housing projects. A group of Brooklyn savings banks is now preparing to undertake a $6,000,000 housing project in the Borough Hall section of Brooklyn.

Mr. Bell said the regulations do not call for approval by the Banking Board of individual housing projects. He said the Board sought to lay down general rules within whose framework the officers and trustees of savings banks were free to invest in housing projects as their judgment dictated.

The principal features of the housing project regulations adopted by the Banking Board follow:

Each such project must be a multi-family rental housing project designed to accommodate not less than 250 families at an everage rental of not more than $25 a room a month.

Each such project undertaken must be participated in by at least three savings banks.

No one savings bank can finance more than 40% of the total cost of any one project.

No savings bank can invest an amount greater than 1% of its assets or 10% of its surplus in any one project.

Savings banks must amortize their investment in these projects at a rate of at least 2½% a year.

No housing corporation can undertake more than one housing project.

Housing projects can be undertaken by savings banks only on real property owned in fee.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on May 9 a summary for the week ended April 27 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended April 28, 1945

	Total For Week
Odd-lot Sales by Dealers (Customers' purchases)	
Number of orders	30,766
Number of shares	929,396
Dollar value	$37,624,174
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	357
*Customers' other sales	30,475
Customers' total sales	30,832
Number of Shares:	
Customers' short sales	12,060
*Customers' other sales	817,680
Customers' total sales	829,740
Dollar value	$31,203,138
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	170
†Other sales	184,890
Total sales	185,060
Round-Lot Purchases by Dealers:	
Number of shares	289,690

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Daily Average Crude Oil Production for Week Ended May 5, 1945, Increased 34,400 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 5, 1945, was 4,839,215 barrels, an increase of 34,400 barrels per day over the preceding week and a gain of 320,665 barrels per day over the corresponding week of 1944. The current figure, however, was 27,285 barrels below the daily average figure recommended by the Petroleum Administration for War for the month of May, 1945. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,786,000 barrels of crude oil daily and produced 14,846,000 barrels of gasoline; 1,437,000 barrels of kerosine; 4,695,000 barrels of distillate fuel, and 9,238,000 barrels of residual fuel oil during the week ended May 5, 1945; and had in storage at the end of that week 49,721,000 barrels of civilian grade gasoline; 41,620,000 barrels of military and other gasoline; 7,878,000 barrels of kerosine; 28,800,000 barrels of distillate fuel, and 39,503,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations May	*State Allowables Begin. May 1	Actual Production Week Ended May 5, 1945	Actual Production Change from Previous Week	4 Weeks Ended May 5, 1945	Week Ended May 6, 1944
Oklahoma	367,500	367,500	†384,350	+20,800	368,400	335,550
Kansas	274,000	269,400	†253,150	—11,450	264,750	267,200
Nebraska	1,000	----	†900	----	900	1,150
Panhandle Texas			90,000	----	90,000	91,000
North Texas			153,900	+ 3,900	151,000	147,200
West Texas			495,300	+ 5,800	490,950	429,150
East Central Texas			138,200	— 350	141,950	136,950
East Texas			379,800	+ 1,700	378,550	364,100
Southwest Texas			365,650	+13,500	355,500	307,050
Coastal Texas			563,300	— 1,950	564,750	519,850
Total Texas	2,170,000	‡2,170,717	2,186,150	+22,600	2,172,700	1,995,300
North Louisiana			70,950	— 350	71,100	75,100
Coastal Louisiana			299,800	+ 4,800	296,200	283,100
Total Louisiana	360,000	400,800	370,750	+ 4,450	367,300	358,200
Arkansas	80,000	78,786	79,800	----	80,000	79,950
Mississippi	53,000		54,900	+ 2,500	53,000	41,600
Alabama	300		400	— 100	400	150
Florida	----		15	----	----	50
Illinois	205,000		194,500	— 5,550	197,150	220,150
Indiana	13,000		11,450	— 200	11,550	14,550
Eastern— (Not incl. Ill., Ind., Ky.)	67,200		63,700	— 350	64,400	71,400
Kentucky	31,000		27,700	+ 100	26,000	22,600
Michigan	47,000		45,750	— 2,250	47,600	51,950
Wyoming	112,000		107,750	+ 850	106,750	91,150
Montana	23,000		20,850	+ 350	20,250	21,400
Colorado	10,500		11,000	+ 750	9,950	8,400
New Mexico	105,000	105,000	103,900	— 900	104,550	112,100
Total East of Calif	3,919,500		3,917,015	+31,600	3,895,650	3,692,850
California	947,000	§947,000	922,200	+ 2,800	917,600	825,700
Total United States	4,866,500		4,839,215	+34,400	4,813,250	4,518,550

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. May 3, 1945.

‡This is the net basic allowable as of May 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 2 to 14 days, the entire state was ordered shut down for 6 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 6 days shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED MAY 5, 1945

(Figures in thousands of barrels of 42 gallons each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	% Daily Refining Capacity Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Ref. Inc. Nat. Blended	‡Stocks of Gas Oil & Dist. Fuel Oil	‡Stocks of Residual Fuel oil	‡Gasoline Stocks Military and Other	‡Gasoline Stocks Civilian Grade
East Coast	99.5	747	94.4	1.844	5,910	5,709	6,323	7,411
Appalachian—								
District No. 1	76.8	96	65.8	301	361	182	1,089	1,154
District No. 2	81.2	65	130.0	202	98	163	561	909
Ind., Ill., Ky.	87.2	798	93.1	2,821	3,964	1,642	6,712	15,805
Okla., Kans., Mo.	78.3	376	80.2	1,394	1,847	1,175	1,923	7,385
Inland Texas	59.8	251	76.1	963	307	844	1,165	1,842
Texas Gulf Coast	89.3	1,108	89.6	3,706	6,011	6,269	9,450	5,406
Louisiana Gulf Coast	96.8	242	93.1	700	1,613	1,260	2,305	2,127
No. La. & Arkansas	55.9	78	61.9	203	738	234	940	1,882
Rocky Mountain—								
District No. 3	17.1	11	84.6	33	20	37	20	52
District No. 4	72.1	104	65.4	349	285	601	486	1,877
California	85.5	910	91.5	2,330	7,646	21,387	10,646	3,871
Total U. S. B. of M. basis May 5, 1945	85.6	4,786	88.1	14,846	28,800	39,503	*41,620	49,721
Total U. S. B. of M. basis April 28, 1945	85.6	4,780	88.0	14,633	28,273	39,813	43,102	50,966
U. S. Bur. of Mines basis May 6, 1944		4,348		12,960	30,356	50,548	37,389	50,797

*Includes aviation and military grades, finished and unfinished, title to which still remains in the name of the producing company; solvents, naphthas, blending stocks currently indeterminate as to ultimate use, and 11,216,000 barrels unfinished gasoline this week, compared with 11,980,000 barrels a year ago. These figures do not include any gasoline on which title has already passed, or which the military forces may actually have in custody in their own or leased storage. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,437,000 barrels of kerosine, 4,695,000 barrels of gas oil and distillate fuel oil and 9,238,000 barrels of residual fuel oil produced during the week ended May 5, 1945, which compares with 1,526,000 barrels, 4,636,000 barrels and 9,379,000 barrels, respectively, in the previous week and 1,548,000 barrels, 4,293,000 barrels and 8,943,000 barrels, respectively, in the week ended May 6, 1944.

Note—Stocks of kerosine at May 5, 1945 amounted to 7,378,000 barrels, as against 7,772,000 barrels a week earlier and 6,773,000 barrels a year before.

National Fertilizer Association Commodity Price Index Registers Small Decline

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on May 14, for the week of May 12, 1945, fractionally declined to 140.2 from the high point of 140.0 for the preceding week. The index for a month ago stood at 140.3 and a year ago at 137.0, based on the 1935-39 average as 100. The Association's report went on to say:

Lower quotations in the farm products group were almost wholly responsible for the decline in the composite index, the greatest decrease being in the livestock subgroup with lower prices for cattle, lambs, sheep, and poultry. The grain subgroup declined due to slightly lower quotations for corn and rye. Cotton also declined fractionally. The foods index was slightly lower because of a lower quotation for potatoes, and the textile index was also fractionally lower. All other groups in the index remained unchanged.

During the week 9 price series in the index declined and none advanced; in the preceding week there were 6 advances and 3 declines; in the second preceding week there were 5 advances and 4 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week May 12, 1945	Preceding Week May 5, 1945	Month Ago Apr. 14, 1945	Year Ago May 13, 1944
25.3	Food	141.5	141.8	141.9	139.5
	Fats and Oils	145.3	145.3	145.3	146.1
	Cottonseed Oil	163.1	163.1	163.1	159.6
23.0	Farm Products	166.4	167.2	166.5	154.7
	Cotton	213.1	213.5	209.6	198.9
	Grains	163.3	163.6	163.0	164.8
	Livestock	159.7	160.8	160.6	144.0
17.3	Fuels	130.4	130.4	130.4	130.1
10.8	Miscellaneous Commodities	133.7	133.7	133.7	132.2
8.2	Textiles	156.8	156.9	156.3	152.0
7.1	Metals	104.7	104.7	104.7	104.4
6.1	Building Materials	154.4	154.4	154.2	152.4
1.3	Chemicals and Drugs	125.4	125.4	125.4	127.7
.3	Fertilizer Materials	118.3	118.3	118.3	117.7
.3	Fertilizers	119.9	119.9	119.9	119.7
.3	Farm Machinery	104.8	104.8	104.8	104.3
100.0	All groups combined	140.2	140.4	140.3	137.0

*Indexes on 1926-1928 base were: May 12, 1945, 109.2; May 5, 1945, 109.4, and May 13, 1944, 106.7.

Non-Ferrous Metals—Lead Sales in Good Volume—Copper and Zinc Continue Quiet

"E. & M. J. Metal and Mineral Markets," in its issue of May 10, stated: "The unconditional surrender of Germany found the market for non-ferrous metals already engaged in making adjustments for reduced war demands. In brief, the news, which became official on May 8, was largely discounted. Demand for copper and zinc, the two metals that are the chief components of brass, remained slow. Activity in lead did not subside, with sales larger than in the preceding seven-day period. Quicksilver consumption is increasing owing to the heavy demands for the new mercury oxide or 'tropical' dry cell. Use of the metal in March was placed at 6,100 flasks, against 3,600 flasks in March last year." The publication further went on to say in part:

Copper

Quiet prevailed in copper, with consumers still engaged in correcting their supply position because of falling war demands. Domestic production of copper is being disposed of quickly, but the call for foreign copper in the hands of Metals Reserve has dropped appreciably. The stockpile, which was reduced in size in the first four months of the year, is expected to increase from now on, unless the government should revise its buying program.

The Copper Division of WPB reports that brass mills produced 517,539,000 pounds of product during March, which compares with 464,000,000 pounds in February and 460,602,000 pounds in March last year. Production for the first quarter this year totaled 1,459,382,000 pounds, against 1,337,605,000 pounds in the January-March period of 1944.

Brass strip production in the first quarter of 1945 averaged 313,569,000 pounds a month. WPB officials estimate that the one-front-war requirements in brass strip should average around 288,000,000 pounds monthly. The industry feels that this estimate will be subjected to a sharp downward revision as soon as a realistic appraisal is possible.

Lead

Though use of lead for war purposes will be reduced over the remainder of the year, authorities in Washington believe that expansion in use of the metal for civilian purposes will take up all slack and total demands will continue at a high level. Consumers appear to share in this view, for demand remains active. A factor in the sustained buying is the belief that the price rests on a firm foundation. Sales of lead for the week that ended yesterday amounted to 11,040 tons, against 7,601 tons in the preceding week.

The Lead Industries Association, representing practically the entire lead mining industry of this country, as well as manufacturers of lead-products, has asked Congress not to delegate to the President the power to make a further cut of 50% in the rates of duty prevailing on Jan. 1, 1945, and to limit any extension of the Reciprocal Trade Agreements Act to a period of one year.

Zinc

Shipments of zinc during April were sharply lower, as expected, amounting to 74,356 tons, against 94,494 tons in March. Excessive buying in the first quarter and a reduction in war orders, chiefly in brass, accounted for the decline in deliveries. However, shipments were larger than the tonnage produced and stocks on hand declined from 174,672 tons at the end of March to 168,589 tons at the end of April.

The March and April slab zinc statistics of the American Zinc Institute are summarized as follows, in tons:

	April	March
Stock at beginning	174,672	197,427
Production	68,223	71,739
Production daily rate	2,271	2,314
Shipments:		
Domestic	74,313	94,296
Export	43	198
	74,356	94,494
Unfilled orders	16,318	14,917
Stock at end	168,539	174,672

From present indications the deliveries of zinc in May will fall below the April level, owing to the recent cutback in war orders. Buying during the last week again was slow, with those consumers of zinc who have been engaged largely in war production eager to reduce their inventories. Galvanizers are willing to expand production immediately, but are unable to do so because of the tight situation in steel.

Tin

The arrival of V-E Day finds the tin situation just as tight as in the immediate past, with no thought of easing the conservation measures until metal is again available from the important producing areas of the Far East.

The price situation last week was unchanged. Straits tin for shipment was nominally as follows, in cents per pound:

	May	June	July
May 3	52.000	52.000	52.00
May 4	52.000	52.000	52.00
May 5	52.000	52.000	52.00
May 7	52.000	52.000	52.00
May 8	52.000	52.000	52.00
May 9	52.000	52.000	52.00

Chinese, or 99% tin, continued at 51.125c per pound.

Quicksilver

Consumption of quicksilver in March amounted to 6,100 flasks which compares with 5,100 flasks in February and 3,600 flasks in March last year, according to the Bureau of Mines. Consumption in the January-March period of the current year totaled 16,400 flasks against 10,700 flasks in the firs quarter last year.

Domestic production of quicksilver was placed at 3,000 flasks in March, against 2,700 flasks in February and 3,800 flasks in March last year.

Consumers' and dealers' stock at the end of March amounted t 12,200 flasks, against 13,000 flask at the end of February. The Bureau reports that these total include metal afloat from Europe Producers reporting their holdings to the Bureau had 1,58 flasks on hand at the end o March, against 1,946 flasks month previous.

The market was quiet, spo metal holding at $156 to $159 pe flask. Spanish, for shipment fron abroad, was quotably unchange at $155. It was reported in som directions that the price migh be shaded on metal now afloat.

Transvaal's Gold Output

The Transvaal produced 1,036,000 ounces of gold during March against 966,000 ounces in February and 1,029,000 ounces in January, the American Bureau o Metal Statistics reports. Production in 1944 averaged 1,023,08 ounces a month.

Silver

The London silver market wa quiet and unchanged at 25½c The New York Official for foreign silver continued at 44¾ with domestic metal at 70⅝c.

Results Of Treasury Bill Offering

The Secretary of the Treasur announced on May 14 that th tenders of $1,300,000,000 or there about of 91-day Treasury bills t be dated May 17 and to matur Aug. 16, 1945, which were offere on May 11, were opened at th Federal Reserve Banks on May 1

The details of this issue are a follows:

Total applied for $2,029,836,00

Total accepted, $1,307,396,00 (includes $52,338,000 entered on fixed price basis at 99.905 and accepted in full).

Average price 99.905, equivalen rate of discount approximatel 0.375% per annum.

Range of accepted competitiv bids:

High, 99.908, equivalent rate discount approximately 0.364 per annum.

Low, 99.905, equivalent rate discount approximately 0.376 per annum.

(60% of the amount bid for the low price was accepted.)

There was a maturity of a similar issue of bills on May 17 in th amount of $1,300,100,000.

Revenue Freight Car Loadings During Week Ended May 5, 1945, Decreased 35,822 Cars

Loading of revenue freight for the week ended May 5, 1945, totaled 863, 399 cars, the Association of American Railroads announced on May 10. This was an increase above the corresponding week of 1944 of 27,861 cars, or 3.3%, and an increase above the same week in 1943 of 46,861 cars or 5.7%.

Loading of revenue freight for the week of May 5 decreased 35,822 cars, or 4.0% below the preceding week.

Miscellaneous freight loading totaled 405,275 cars, a decrease of 6,009 cars below the preceding week, but an increase of 28,142 cars above the corresponding week in 1944.

Loading of merchandise less than carload lot freight totaled 112,787 cars, a decrease of 1,190 cars below the preceding week, but an increase of 6,441 cars above the corresponding week in 1944.

Coal loading amounted to 143,342 cars, a decrease of 32,284 cars below the preceding week, and a decrease of 27,330 cars below the corresponding week in 1944.

Grain and grain products loading totaled 52,333 cars, a decrease of 392 cars below the preceding week but an increase of 13,945 cars above the corresponding week in 1944. In the Western Districts alone, grain and grain products loading for the week of May 5 totaled 35,687 cars, an increase of 156 cars above the preceding week and an increase of 12,767 cars above the corresponding week in 1944.

Livestock loading amounted to 17,629 cars, an increase of 1,066 cars above the preceding week and an increase of 1,772 cars above the corresponding week in 1944. In the Western Districts alone loading of live stock for the week of May 5 totaled 13,977 cars, an increase of 1,154 cars above the preceding week, and an increase of 1,824 cars above the corresponding week in 1944.

Forest products loading totaled 43,052 cars, an increase of 2,066 cars above the preceding week but a decrease of 600 cars below the corresponding week in 1944.

Ore loading amounted to 73,702 cars, an increase of 781 cars above the preceding week and an increase of 4,619 cars above the corresponding week in 1944.

Coke loading amounted to 15,279 cars, an increase of 140 cars above the preceding week, and an increase of 872 cars above the corresponding week in 1944.

All districts reported increases compared with the corresponding week in 1944 except the Eastern, Allegheny and Pocahontas. All reported increases compared with 1943 except the Eastern.

	1945	1944	1943
4 Weeks of January	3,001,544	3,158,700	2,910,638
4 Weeks of February	3,049,697	3,154,116	3,055,725
5 Weeks of March	4,018,627	3,916,037	3,845,547
4 Weeks of April	3,374,438	3,275,846	3,152,879
Week of May 5	863,399	835,538	816,538
Total	14,307,705	14,340,237	13,781,327

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended May 5, 1945. During the period 81 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEK ENDED MAY 5

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1945	1944	1943	1945	1944
Eastern District—					
Ann Arbor	263	256	245	1,730	1,477
Bangor & Aroostook	1,509	2,072	1,053	474	486
Boston & Maine	7,062	7,455	6,199	14,427	15,645
Chicago, Indianapolis & Louisville	1,129	1,262	1,409	2,183	2,057
Central Indiana	28	47	36	47	44
Central Vermont	1,172	1,046	1,008	2,207	2,317
Delaware & Hudson	3,580	4,875	5,647	13,566	12,908
Delaware, Lackawanna & Western	6,216	7,853	7,118	12,260	11,857
Detroit & Mackinac	226	257	334	170	115
Detroit, Toledo & Ironton	1,759	1,670	1,777	1,425	1,433
Detroit & Toledo Shore Line	431	335	302	3,393	2,871
Erie	11,753	14,034	11,553	17,494	17,272
Grand Trunk Western	4,260	3,810	3,854	8,892	8,993
Lehigh & Hudson River	170	190	210	2,834	3,105
Lehigh & New England	1,018	2,314	1,972	1,476	1,758
Lehigh Valley	7,536	9,137	8,149	12,072	17,958
Maine Central	2,382	2,169	2,241	3,558	3,758
Monongahela	6,035	6,367	5,355	258	351
Montour	2,063	2,576	2,071	27	23
New York Central Lines	51,078	49,007	54,725	53,422	57,475
N. Y., N. H. & Hartford	10,718	10,139	10,006	18,459	19,846
New York, Ontario & Western	832	1,088	949	3,738	3,271
New York, Chicago & St. Louis	7,111	6,973	6,948	15,872	15,935
N. Y., Susquehanna & Western	446	607	565	1,937	1,953
Pittsburgh & Lake Erie	8,003	7,832	7,272	8,556	8,781
Pere Marquette	5,169	4,744	4,906	8,806	8,440
Pittsburg & Shawmut	889	876	881	27	22
Pittsburg, Shawmut & North	264	300	335	243	223
Pittsburgh & West Virginia	1,127	1,314	1,110	2,961	2,532
Rutland	393	406	300	1,199	1,112
Wabash	7,446	5,319	5,477	13,701	11,200
Wheeling & Lake Erie	6,145	6,029	5,196	5,058	4,479
Total	158,213	162,359	159,203	232,472	239,694
Allegheny District—					
Akron, Canton & Youngstown	806	706	713	1,189	1,184
Baltimore & Ohio	46,240	46,493	40,434	30,709	28,723
Bessemer & Lake Erie	5,982	6,334	5,953	2,119	2,083
Buffalo Creek & Gauley	*	*	253	*	*
Cambria & Indiana	813	1,738	1,578	4	6
Central R. R. of New Jersey	6,046	7,219	6,910	22,210	20,720
Cornwall	526	61	665	53	38
Cumberland & Pennsylvania	166	193	210	10	13
Ligonier Valley	75	133	130	44	25
Long Island	1,977	1,396	1,216	4,741	3,814
Penn-Reading Seashore Lines	1,936	1,771	1,779	2,484	2,643
Pennsylvania System	86,890	86,551	80,787	66,000	67,980
Reading Co.	11,365	14,577	14,672	30,247	29,712
Union (Pittsburgh)	18,768	19,605	22,124	7,177	7,341
Western Maryland	3,849	4,080	3,357	13,489	12,868
Total	185,439	190,857	180,781	180,476	177,150
Pocahontas District—					
Chesapeake & Ohio	27,021	28,905	24,833	15,044	14,273
Norfolk & Western	20,211	21,530	18,907	8,203	7,643
Virginian	4,397	4,376	4,054	2,957	2,138
Total	51,629	54,811	47,794	26,204	24,054
Southern District—					
Alabama, Tennessee & Northern	443	349	258	345	475
Atl. & W. P.—W. R. R. of Ala	894	831	700	2,694	2,689
Atlanta, Birmingham & Coast	1,055	849	802	1,555	1,581
Atlantic Coast Line	12,291	13,513	14,050	10,679	10,236
Central of Georgia	3,970	3,912	4,181	5,012	4,831
Charleston & Western Carolina	428	445	564	1,328	1,785
Clinchfield	1,776	1,703	1,573	2,851	3,184
Columbus & Greenville	230	239	351	225	235
Durham & Southern	113	165	109	646	813
Florida East Coast	2,463	2,765	2,965	1,270	1,672
Gainesville Midland	43	59	46	137	142
Georgia	1,245	1,349	1,362	2,389	2,880
Georgia & Florida	408	364	319	762	732
Gulf, Mobile & Ohio	5,408	3,903	3,648	4,269	4,284
Illinois Central System	28,480	27,046	25,614	19,882	16,440
Louisville & Nashville	26,715	24,905	22,936	12,988	12,834
Macon, Dublin & Savannah	176	163	256	1,161	1,099
Mississippi Central	390	275	238	353	534
Nashville, Chattanooga & St. L.	3,527	3,179	3,256	5,004	4,825
Norfolk Southern	1,062	1,085	1,266	1,696	1,490
Piedmont Northern	427	389	351	1,093	1,177
Richmond, Fred. & Potomac	478	459	460	11,879	12,137
Seaboard Air Line	11,874	11,045	12,294	9,063	9,140
Southern System	25,262	23,821	22,062	27,305	25,489
Tennessee Central	697	711	545	769	885
Winston-Salem Southbound	160	129	114	1,168	1,040
Total	130,015	123,653	120,320	126,523	122,629
Northwestern District—					
Chicago & North Western	20,308	19,460	19,343	15,156	13,765
Chicago Great Western	2,449	2,393	2,604	3,879	3,446
Chicago, Milw., St. P. & Pac.	20,750	20,505	19,332	11,145	11,227
Chicago, St. Paul, Minn. & Omaha	3,612	3,201	3,269	3,778	3,418
Duluth, Missabe & Iron Range	26,966	21,035	18,619	192	234
Duluth, South Shore & Atlantic	1,131	687	1,121	613	585
Elgin, Joliet & Eastern	9,263	8,852	8,678	10,715	11,610
Ft. Dodge, Des Moines & South	415	388	432	81	87
Great Northern	22,388	20,697	19,505	7,403	6,788
Green Bay & Western	456	467	453	920	962
Lake Superior & Ishpeming	2,203	1,729	1,245	74	44
Minneapolis & St. Louis	2,168	1,984	1,875	2,837	2,578
Minn., St. Paul & S. S. M.	7,035	6,319	6,034	3,236	4,197
Northern Pacific	11,124	10,365	10,130	6,507	5,910
Spokane International	222	112	176	619	673
Spokane, Portland & Seattle	2,431	2,728	2,443	4,332	3,273
Total	132,921	120,922	115,259	71,487	68,797
Central Western District—					
Atch., Top. & Santa Fe System	26,090	21,512	22,094	18,266	14,711
Alton	3,598	2,945	3,058	4,786	3,297
Bingham & Garfield	415	414	493	58	101
Chicago, Burlington & Quincy	16,791	17,298	18,018	13,444	13,400
Chicago & Illinois Midland	2,202	3,315	2,738	1,105	811
Chicago, Rock Island & Pacific	12,838	10,730	12,548	15,121	14,273
Chicago & Eastern Illinois	2,874	2,457	2,534	5,721	6,358
Colorado & Southern	654	656	737	2,297	2,199
Denver & Rio Grande Western	3,372	3,312	3,091	7,827	6,470
Denver & Salt Lake	544	700	695	22	34
Fort Worth & Denver City	1,166	870	921	1,585	1,377
Illinois Terminal	1,971	2,012	1,614	2,453	2,103
Missouri-Illinois	1,070	949	1,149	681	416
Nevada Northern	1,454	1,903	2,012	102	124
North Western Pacific	861	846	1,036	825	760
Peoria & Pekin Union	3	2	3	0	0
Southern Pacific (Pacific)	30,623	30,590	31,070	17,014	14,616
Toledo, Peoria & Western	318	295	355	2,352	2,008
Union Pacific System	16,296	14,231	12,732	20,410	18,265
Utah	557	521	541	2	4
Western Pacific	2,369	1,972	2,043	5,414	4,391
Total	126,066	117,530	119,482	119,485	105,718
Southwestern District—					
Burlington-Rock Island	295	273	1,126	370	428
Gulf Coast Lines	8,320	6,807	7,002	2,470	2,319
International-Great Northern	3,289	2,111	2,049	4,550	4,177
Kansas, Oklahoma & Gulf	283	252	383	736	1,065
Kansas City Southern	5,727	5,609	5,588	3,337	2,590
Louisiana & Arkansas	3,673	3,240	3,836	3,088	2,452
Litchfield & Madison	337	302	171	1,511	1,265
Midland Valley	658	580	696	410	501
Missouri & Arkansas	168	185	148	535	473
Missouri-Kansas-Texas Lines	7,377	5,929	6,051	5,032	5,017
Missouri Pacific	17,414	12,373	17,562	21,916	19,208
Quanah Acme & Pacific	73	49	60	322	382
St. Louis-San Francisco	9,854	8,171	7,881	9,340	9,489
St. Louis Southwestern	3,598	2,826	3,270	7,526	7,699
Texas & New Orleans	11,917	11,951	13,502	6,051	4,547
Texas & Pacific	6,012	4,628	4,238	9,384	7,098
Wichita Falls & Southern	83	106	115	35	53
Weatherford M. W. & N. W.	38	14	21	34	21
Total	79,116	65,406	73,699	76,647	68,784

*Included in Baltimore & Ohio RR.
Note—Previous year's figures revised.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1945—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
February 3	204,550	148,139	565,064	92	91
February 10	149,590	151,307	560,960	93	92
February 17	145,541	149,816	553,609	93	92
February 24	131,989	152,755	529,238	97	93
March 3	181,377	150,486	558,285	96	93
March 10	177,711	152,611	580,804	94	93
March 17	129,948	153,625	557,986	95	93
March 24	137,911	158,551	537,005	99	94
March 31	178,483	162,386	549,631	100	94
April 7	203,891	146,832	604,720	92	94
April 14	159,733	158,938	604,214	97	94
April 21	125,708	162,040	564,631	98	95
April 28	142,387	158,854	546,311	99	95
May 5	223,162	161,764	605,892	97	95

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Commercial Bank Deposits Increase

The total assets and total deposits of the 14,579 active commercial and savings banks of all classes in the United States and possessions continue to rise, Comptroller of the Currency Preston Delano announced recently. The total assets on Dec. 30, 1944, amounted to $152,947,000,000, and exceeded by $24,825,000,000, or more than 19%, the assets reported as of Dec. 31, 1943.

The total deposits of banks on Dec. 3, 1944, were $142,311,000,000 in comparison with $118,336,000,000 at the end of 1943, an increase of $23,975,000,000, or more than 20%. Demand deposits of individuals, partnerships and corporations were $65,316,000,000, and exceeded by $5,932,000,000, or almost 10%, this class of deposits reported at the close of the previous year; time deposits of individuals, partnerships and corporations were $37,229,000,000, an increase of $6,504,000,000, or more than 21%, and deposits of the U. S. Government, including postal savings were $20,926,000,000, which was an increase of nearly 100% in the year.

At the end of December, 1944, the banks held obligations of the U. S. Government, direct and guaranteed, of $86,415,000,000, an increase of $20,155,000,000, or more than 30% since Dec. 31, 1943. Obligations of States and political subdivisions held at the close of December, 1944, amounted to $3,659,000,000, an increase of $95,000,000. Other securities held increased $34,000,000 in the year, and amounted to $3,937,000,000. The aggregate of all securities held by the banks on Dec. 30, 1944, was $94,011,000,000, and represented more than 61% of their total assets.

Loans and discounts amounted to $26,102,000,000, an increase of $2,427,000,000, or more than 10% since December, 1943. The increase in loans is chiefly in advances made to brokers and dealers in securities, and in loans to others for the purpose of purchasing or carrying securities.

Cash and balances with other banks, including reserve balances, in December, 1944, were $30,977,000,000, which was an increase of $2,365,000,000, or more than 8% in the year.

Total capital accounts on Dec. 30, 1944 were $9,693,000,000 compared with $9,046,000,000 on Dec. 31, 1943. The increase of nearly $96,000,000 in common stock in the year was nearly twice the amount of preferred capital retired. The total of surplus, profits and reserves at the end of 1944 was $6,640,000,000, an increase of $606,000,000, or 10% in the year.

Lumber Movement—Week Ended May 5

According to the National Lumber Manufacturers Association, lumber shipments of 462 mills reporting to the National Lumber Trade Barometer were 8.0% above production for the week May 5, 1945. In the same week new orders of these mills were 4.1% more than production. Unfilled order files of the reporting mills amounted to 114% of stocks. For reporting softwood mills, unfilled orders are equivalent to 38 days' production at the current rate, and gross stocks are equivalent to 31 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 8.7%; orders by 14.1%.

Compared to the average corresponding week of 1935-1939, production of reporting mills was 8.0% greater; shipments were 10.5% greater. Orders were 6.9% greater than production.

Items About Banks, Trust Companies

Bankers Trust Co.'s Fifth Avenue and 44th Street office in New York will feature the largest wall maps of the Pacific war theatre ever shown in New York City, covering the entire east wall of the main banking floor, and painted in oil from originals by Richard Edes Harrison, which appeared originally in "Fortune" magazine. Other displays at this office include a life-size statue of the Iwo Jima flag-raising, showing all six Marines who took part in this historic event.

The bank's 57th Street and Madison Avenue office will feature a display of Navy combat art, together with a specially-lighted three-dimensional presentation of the Iwo Jima photo.

In the opening rally of the 7th War Loan campaign, on May 10, employees of Bankers Trust Co. of New York honored the U. S. Coast Guard on the anniversary of its founding by Alexander Hamilton, first Secretary of the Treasury, just 155 years ago. The rally was held on the main banking floor at 16 Wall Street, which is decorated for the bond drive with a display featuring war-time services of the Coast Guard, under murals painted by Cleon Throckmorton, showing the Wall and Nassau Streets corner, on which the Bankers Trust Co. building is located, as it was in Hamilton's day.

John W. Hanes, former Undersecretary of the Treasury and a director of the bank, was master of ceremonies, and the rally was broadcast over radio station WNEW. S. Sloan Colt, President of the bank, introduced the guests of honor, who included Rear Admiral Stanley V. Parker, Commandant, 3rd USCG District; Brian Aherne, motion picture star, and Rosemarie Brancato of the Metropolitan Opera Co. Featured also was the Coast Guard band and quartet, with a special color guard.

To promote bond sales in the Wall Street district, Bankers Trust Co. is also constructing a booth consisting of a full-sized Sherman tank coming down the ramp of a landing ship tank on the corner of Wall and Nassau.

An authentic reproduction of the balcony of Old Federal Hall, on which George Washington took the oath of office as first President of the United States in 1789, has been erected at the foot of the Washington statue in front of the Sub-Treasury Building, at Broad and Wall Streets, in the financial district, and opened on May 15 as a war bond sales booth.

Dressed in colonial costumes, girls from the staff of the Chase National Bank, which constructed the replica, will sell bonds throughout the period of the Seventh War Loan. Purchasers will be handed their bonds in a folder describing this historic site of the first American capitol under the Constitution, where the Congress, the Cabinet, and the Supreme Court were organized and the Bill of Rights adopted. On the front of the folder is a pen-and-ink vignette drawing of the replica by Vernon Howe Bailey, the artist.

Col. Robert V. Lee, Assistant Treasurer of the Chemical Bank & Trust Co. of New York City, on leave with the United States Army, has been granted one of the French Government's highest awards for his services in the liberation of France.

Colonel Lee, who is Assistant Chief of Staff, G1 (Army Personnel), of the new 15th Army, was granted the Order of the Legion of Honor with the grade of Chevalier, an honor which carries with it the Croix de Guerre with palm. He was presented the medal at a ceremony "somewhere in Belgium" by Gen. Louis Koeltz, French General Staff liaison officer, in the presence of Lieut.-Col. Leonard A. Gerow, commander of the 15th Army.

His other decorations include the Legion of Merit, the bronze star, and campaign stars for the Normandy, Northern France, and German operations.

Guaranty Trust Co. of New York announced the appointment of William M. Tutwiler as insurance manager.

Arthur S. Kleeman, President of the Colonial Trust Co., New York, announced on May 10 the appointment of Charles J. Weber as Assistant Secretary and Assistant Treasurer. Mr. Weber is at the 79 Madison Avenue office.

E. Chester Gersten, President of The Public National Bank & Trust Co. of New York, has announced that Irving Grosswald was appointed an Assistant Cashier. Mr. Grosswald is connected with the Broadway and 24th Street office of the bank.

Dr. Robert E. Wilson, Chairman of the board of the Standard Oil Co. (Indiana) and of Pan American Petroleum & Transport Co., Inc., was elected a member of the board of directors of the Chase National Bank of New York on May 9, it was announced by Winthrop W. Aldrich, Chairman of the Chase board.

In 1940 the United States Government asked Dr. Wilson's aid on problems of petroleum supply, and he served for more than a year as chief petroleum consultant of the National Defense Advisory Commission. Since then he has been Chairman of the Economics Committee of the Petroleum Industry War Council, and also a member of its national oil policy committee.

Dr. Wilson is a director of the American Petroleum Institute and a member of its executive committee.

Directors of the Manufacturers Trust Co. will decide within the next three weeks what action, if any, they will take in regard to changes in present capitalization, Harvey D. Gibson, President, said on May 11, according to the N. Y. "Journal of Commerce," which further said:

Mr. Gibson, who only returned to the bank a few days ago after having served as head of the American Red Cross in Europe for many months, declared that he had resumed studying this question immediately upon his return.

At the last Manufacturers Trust Co.'s annual meeting he revealed that one aspect of the situation that would be considered would be the possible retirement of the outstanding preferred stock. Since then, there have been reports, all without official confirmation, that the bank might increase the common dividend, offer common stockholders the right to buy additional shares or merely call the preferred.

David G. Baird on May 9 was elected a director of the Marine Midland Trust Co., New York. Mr. Baird is Vice-President of Marsh & McLennan, Inc., insurance brokers, and a director of United Cigar-Whelan Stores Corp.

Michael M. Nisselson was elected as President of the Amalgamated Bank of New York by its directors on May 14. Mr. Nisselson succeeds Adolph Held, who resigned after 21 years of service.

B. Parks Goodman on May 10 was elected President of the City Savings Bank of Brooklyn, N. Y., succeeding the late Henry V. Raymond. Mr. Goodman, who was Secretary and trustee, has been with the bank since 1930.

Wallace I. Keep, Chairman of the Niagara County National Bank & Trust Co., Lockport, N. Y., died on May 9 at 82 years of age. Mr. Keep, on his 75th birthday, distributed $75,000 in negotiable securities to five Lockport banks.

The directors of the Lincoln Alliance Bank & Trust Co. and the Rochester Trust & Safe Deposit Co., both of Rochester, N. Y., have advised the consolidation of the two institutions. Total assets of both banks would come to $235,000,000.

Directors of Union National Bank of Troy, N. Y., recently voted a dividend of 35 cents a share on common stock, payable June 15 to stockholders of record June 4.

The dividend is the first declared on common stock of Union National since Jan. 1, 1933. Declaration of the dividend follows the retirement of all preferred stock on April 2, 1945.

At the time the preferred stock was retired Louis H. Gross, President of the bank, announced that directors planned to place common stock, which has par value of $16.36⅔ a share, on a yearly dividend basis of 70 cents a year. Declaration of the June 15 dividend is in line with these plans.

Harrison M. Thomas has recently been elected President of the New Jersey Bankers Association, succeeding Frank D. Abell. Mr. Thomas is President of the Princeton Bank & Trust Co., Princeton, N. J.

Francis R. Geigle on May 10 was appointed Assistant Vice-President of the First National Bank & Trust Co. of Montclair, N. J. Mr. Geigle will be the bank's economic adviser.

George N. Adams, formerly Assistant Manager of the personal loan department of the Peoples-Pittsburgh Trust Co., Pittsburgh, Pa., has recently been appointed Manager of the newly-created consumers' credit department of the Pitt National Bank of the same city.

William D. Rankin was elected President and director of the National Bank of America, Pittsburgh, Pa., at a recent meeting of the board of directors. He succeeds the late T. W. Friend.

David A Hendershaw was elected Second Vice-President.

William [illegible] Kurtz Jr. has been elected Assistant Cashier of the American National Bank & Trust Co. of Chicago. Mr. Kurtz became associated with the bank in 1935, following completion of his studies at Cornell University and Harvard Graduate School of Business Administration. He is presently in the correspondent bank division. He has been active in the Chicago Junior Association of Commerce, of which he is now President.

A charter has been issued to the National Bank of North Chicago, Ill., it was announced yesterday by the Treasury Department. The capital stock, consisting of 1,000 shares, has been subscribed for at the rate of $130 a share, which gives the bank a capital structure of $100,000 capital, $20,000 surplus, and $10,000 of undivided profits. Officers are Earl W. Sackman, President; William F. O'Meara, Executive Vice-President, and H. F. Huffine, Cashier. The bank is expected to open on June 15, said the Chicago "Journal of Commerce" on May 10.

Marquette National Bank, 6316 S. Western Avenue, Chicago, Ill., opened for business May 12. The bank has a capitalization of $265,000 and will provide vault facilities, night depositary and general banking services. It is a member of the Federal Deposit Insurance Corporation and the Federal Reserve System.

James H. Corey is President and a director. Other board members are John F. McCarthy, South Side realtor, Chairman; Adam J. Riffel, Vice-President of the Chicago Board of Trade; George E. Strachan, coal and building material dealer, and Daniel J. McCarthy, attorney.

The Dallas Union Trust Co., Dallas, Tex., on May 1 celebrated its 25th anniversary. The institution, which is the oldest trust company in Dallas, specializes in investment stocks and bonds.

A. J. Gock, the nominee of A. P. Giannini as his successor to the post of Chairman of the Bank of America, San Francisco, Calif., was unanimously elected on May 9 by the board of directors. Francis S. Baer was made Senior Vice-Chairman of the institution.

A special meeting of the stockholders, to be held June 11, was called by the directors of the Bank of America National Trust & Savings Association on May 9. The purpose of the meeting is to authorize a common stock dividend of two-thirds of a share for each share held, subject to the approval of the Comptroller of the Currency.

The action will increase the common capital of the bank from $60,000,000 to $100,000,000, but will not change the par value of the stock. The dividend rate on the new stock will be determined at a board meeting on June 12.

The advancement of Charles L. Conroy from Assistant Cashier of the Bank of America to Assistant Vice-President was announced on May 4 by L. M. Giannini, President of the bank.

At a meeting of the board of directors of Crocker First Natioal Bank of San Francisco, held May 10, J. F. Sullivan Jr. was elected Executive Vice-President. Mr. Sullivan assumes the office made vacant by the recent death of George J. Kern. Joining the bank in December, 1919, Mr. Sullivan has served in various capacities. He was elected a Vice-President of the institution in January, 1930, and was elected to the board of directors in January, 1943, and to the executive committee in January, 1944.

Ben R. Meyer, President of the Union Bank & Trust Co., Los Angeles, Calif., on May 10 announced the election of Paul E. Neuschaefer to the board of directors. Mr. Neuschaefer has been associated with the bank for 29 years, having joined the institution in 1916.

Truman Ousts Milligan

Maurice M. Milligan, the man who prosecuted the late Thomas J. Pendergast, former Democratic boss of Kansas City, Mo., who gave President Truman a start in politics, has been ousted by the President as United States Attornely for western Missouri, a report from Washington to the New York Herald Tribune stated on May 3. Milligan's term expired last September, but he has continued in office pending reappointment or the naming of a successor.

The President has nominated in his stead for the post Sam M. Wear, Democratic State Chairman of Missouri.

Rand McNally Directory Shows Deposits Rise at Faster Rate Than Loans

The first 1945 issue of Rand McNally Bankers Directory, the "Blue Book," which has just been published, shows total loans of $26,357,371,000, the highest they have been since June 30, 1932, with one exception; that was Dec. 30, 1941. At that time, the total was $26,893,832,000.

However, deposits continue to multiply much faster than loans; their total now being by far the greatest in history. The 14,777 banks as of Dec. 30, 1944, had a total of deposits of $143,017,960,000. For the past two years, the total has been over $100,000,000,000 but each issue of the Directory shows a big increase. The increase this time (between June 30, 1944 and Dec. 30, 1944) was about $13,000,000,000.

The Blue Book figures have shown a continued decrease in the number of banks, although new banks are being organized all of the time. On June 30, 1944, the total was 14,791 and on Dec. 30, the total was 14 less, or 14,777. The largest number banks was in December, 1920, when the total was 31,811.

The summary in the Blue Book shows that Government bond holdings are still increasing; the total now held by banks being $86,463,927,000. However, banks still have a lot of cash. Total assets for all banks have also increased, the total now being $153,625,402,000. Surplus now stands well over $4,000,000,000 and undivided profits over $2,000,000,000, which brought capital assets to over $10,000,000,000.

The number of national and state banks remains about the same proportion. The national banks totaling 5,026; state banks and trust companies totaling 9,501. In addition to this, there are 142 private banks, which is a decrease from 972 private banks in 1924.

The first 1945 edition of the "Blue Book," revised to March, 1945, and containing 2,609 pages of banking and financial information, includes the latest available statement, new executive personnel and directors' lists, nearest banking points to all non-bank towns, a five-year list of discontinued bank titles, all bank associations and Government banking agencies and the FDIC status of all banks. A separate bound book, listing the attorneys for every bank town accompanies each copy of the directory. Latest maps of each State and all foreign countries adds a great deal to the information and reference value of the "Blue Book."

House Votes Members Tax-Free Expense Allowance

The $2,500 proposed annual tax-free expense allowance has been voted to its members by the House of Representatives, according to the Associated Press from Washington, May 10.

The provision must be approved by the Senate to become effective. It was written by the House into a regular Congressional appropriation bill approved 179 to 83 on a voice vote.

Before it completed action on the measure the House voted a pay boost for some if its clerks and the pages. It turned down pay rises for the Capitol police and some other employes.

Supporters of the expense allowance were determined not to call it a pay rise, even though opponents argued no other name would fit. The sponsors said the money is needed for entertaining constituents, traveling and similar expenses which dip into the $10,000 to which a Representative is entitled.